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REPT. 101-569
Part 1

FOOD AND AGRICULTURAL RESOURCES ACT OF 1990

REPORT

OF THE

COMMITTEE ON AGRICULTURE

TO ACCOMPANY

H.R. 3950

together with

ADDITIONAL AND DISSENTING VIEWS

[Including cost estimate of the Congressional Budget Office]

JULY 3, 1990.—Ordered to be printed

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Part 1

FOOD AND AGRICULTURAL RESOURCES ACT OF 1990

JULY 3, 1990.—Ordered to be printed

Mr. DE LA GARZA, from the Committee on Agriculture, submitted the following

REPORT

together with

ADDITIONAL AND DISSENTING VIEWS

[To accompany H.R. 3950]

[Including the cost estimate of the Congressional Budget Office]

The Committee on Agriculture, to whom was referred the bill (H.R. 3950) a bill entitled the "Food and Agricultural Resources Act of 1990," having considered the same, report favorably thereon with an amendment and recommend that the bill as amended do pass.

CONTENTS

	Page
Brief explanation of legislation	284
Title I—Cotton	284
Title II—Sugar	284
Title III—Rice	284
Title IV—Dairy	284
Title V—Wool and Mohair	285
Title VI—Honey	285
Title VII—Oilseeds	285
Title VIII—Peanuts	286
Title IX—Wheat	287
Title X—Feed Grains	287
Title XI—General Commodity Provisions	288
Title XII—Trade	288
Title XIII—Research	289
Title XIV—Fruits, Vegetables, and Marketing	289
Title XV—State and Private Forestry	289
Title XVI—Conservation	291
Title XVII—Food Stamp and Related Provision	292
Title XVIII—Improvement of the Agricultural Economy	292

Purpose and need for the legislation 293
Title I—Cotton 295
Title II—Sugar 299
Title III—Rice 304
Title IV—Dairy 310
Title V—Wool and Mohair 326
Title VI—Honey 327
Title VII—Oilseeds 329
Title VIII—Peanuts 334
Title IX—Wheat 344
Title X—Feed Grains 350
Title XI—General Commodity Provisions 358
Title XII—Trade 365
Title XIII—Research 386
Title XIV—Fruits, Vegetables, and Marketing 395
Title XV—State and Private Forestry 403
Title XVI—Conservation 411
Title XVII—Food Stamp and Related Provision 414
Title XVIII—Improvement of the Agricultural Economy 445
Section-by-section analysis 527
Title I—Cotton 527
Title II—Sugar 544
Title III—Rice 558
Title IV—Dairy 570
Title V—Wool and Mohair 579
Title VI—Honey 580
Title VII—Oilseeds 587
Title VIII—Peanuts 590
Title IX—Wheat 599
Title X—Feed Grains 613
Title XI—General Commodity Provisions 630
Title XII—Trade 643
Title XIII—Research 674
Title XIV—Fruits, Vegetables, and Marketing 743
Title XV—State and Private Forestry 796
Title XVI—Conservation 813
Title XVII—Food Stamp and Related Provision 848
Title XVIII—Improvement of the Agricultural Economy 879
Administration position 892
Budget Act compliance (section 308 and section 403) 892
Inflationary impact statement 907
Oversight statement 907
Additional and dissenting views 910

The amendment is as follows:

Strike all after the enacting clause and insert the following:

SECTION 1. SHORT TITLE AND TABLE OF CONTENTS.

(a) SHORT TITLE.—This Act may be cited as the "Food and Agricultural Resources Act of 1990".

(b) TABLE OF CONTENTS.—The table of contents is as follows:

TITLE I—COTTON

Sec. 101. Loan rates, target prices, disaster payments, Acreage Limitation Program, and land diversion for the 1991 through 1995 crops of upland cotton.
Sec. 102. Suspension of base acreage allotments, marketing quotas, and related provisions.
Sec. 103. Commodity credit corporation sales price restrictions.
Sec. 104. Nonapplicability of section 103(a) of the Agricultural Act of 1949 to the 1991 through 1995 crops of upland cotton.
Sec. 105. Skiprow practices.
Sec. 106. Preliminary allotments for 1996 crop of upland cotton.
Sec. 107. Extra long staple cotton.
Sec. 108. Adjustment of support prices.
Sec. 109. Cottonseed and cottonseed oil price support.

TITLE II—SUGAR

Subtitle A—Price Support and Marketing Allotments

Sec. 201. Sugar program extension.
Sec. 202. Information reporting.
Sec. 203. Marketing allotments for sugar and crystalline fructose.
Sec. 204. Establishment of marketing allotments.

Sec. 205. Allocation of marketing allotments.
Sec. 206. Assignments of deficits.
Sec. 207. Provisions applicable to producers.
Sec. 208. Special rules.
Sec. 209. Regulations; violations; publication of Secretary's determinations; jurisdiction of the courts; United States attorneys.
Sec. 210. Appeals.
Sec. 211. Administration.

Subtitle B—Sugar for Re-Export

Sec. 221. Definitions.
Sec. 222. Establishment of program.
Sec. 223. Imports of sugar.
Sec. 224. Exports of sugar.
Sec. 225. Marketing certificates.
Sec. 226. Regulations.
Sec. 227. Records and reports.
Sec. 228. Enforcement.

Subtitle C—Miscellaneous

Sec. 231. Sugarcane disaster assistance.
Sec. 232. Reports on quota allocations to countries importing sugar.

TITLE III—RICE

Sec. 301. Loan rates, target prices, disaster payments, Acreage Limitation Program, and land diversion for the 1991 through 1995 crops of rice.
Sec. 302. Marketing certificates.

TITLE IV—DAIRY

Sec. 401. Findings.
Sec. 402. Milk Price Support and Inventory Management Program for calendar years 1991 through 1995.
Sec. 403. Milk manufacturing margin study.
Sec. 404. Minnesota-Wisconsin price series reform.
Sec. 405. Hearings on Federal milk marketing orders.
Sec. 406. Report of dairy product purchases.
Sec. 407. Application of support price for milk.
Sec. 408. Application of amendments.
Sec. 409. Adjustments for seasonal production; hearings on amendments; determination of milk prices.
Sec. 410. Transfer of dairy products to the military and veterans hospitals.
Sec. 411. Extension of the Dairy Indemnity Program.
Sec. 412. Export sales of dairy products.
Sec. 413. Component pricing of milk.
Sec. 414. Adjustments in payments by handlers.
Sec. 415. Dairy Export Incentive Program.
Sec. 416. Amendment to the Packers and Stockyards Act, 1921, to provide for the establishment of trusts for the benefit of milk producers.
Sec. 417. Status of producer handlers.

TITLE V—WOOL AND MOHAIR

Sec. 501. Extension of Price Support Program.
Sec. 502. Promotion program.
Sec. 503. Payment limitation.

TITLE VI—HONEY

Subtitle A—Beekeeping Stabilization

Sec. 601. Short title.
Sec. 602. Findings and policy.
Sec. 603. Honey price support.

Subtitle B—Honey Research, Promotion, and Consumer Information

Sec. 611. Short title.
Sec. 612. Definitions.
Sec. 613. Required terms in orders.
Sec. 614. Assessments.
Sec. 615. First reconfirmation referendum.
Sec. 616. Investigations and power to subpoena.
Sec. 617. Conforming amendment to order.

TITLE VII—OILSEEDS

Sec. 701. Oilseed price support.

TITLE VIII—PEANUTS

Sec. 801. Suspension of marketing quotas and acreage allotments.
Sec. 802. National poundage quota and farm poundage quota.
Sec. 803. Sale, lease, or transfer of farm poundage quota.
Sec. 804. Marketing penalties; disposition of additional peanuts.
Sec. 805. Price support program.
Sec. 806. Reports and records.
Sec. 807. Suspension of certain price support provisions.
Sec. 808. Experimental and research programs for peanuts.
Sec. 809. Conforming changes.

TITLE IX—WHEAT

Sec. 901. Loan rates, target prices, disaster payments, Acreage Limitation Program, and land diversion for the 1991 through 1995 crops of wheat.
Sec. 902. Nonapplicability of certificate requirements.
Sec. 903. Suspension of land use, wheat marketing allocation, and producer certificate provisions.
Sec. 904. Suspension of certain quota provisions.
Sec. 905. Nonapplicability of section 107 of the Agricultural Act of 1949 to the 1991 through 1995 crops of wheat.

TITLE X—FEED GRAINS

Sec. 1001. Loan rates, target prices, disaster payments, Acreage Limitation Program, and land diversion for the 1991 through 1995 crops of feed grains.
Sec. 1002. Price support for high moisture feed grains.
Sec. 1003. Nonapplicability of section 105 of the Agricultural Act of 1949 to the 1991 through 1995 crops of feed grains.
Sec. 1004. Calculation of refunds of advance established price payments by producers of the 1988 or 1989 crops of feed barley.

TITLE XI—GENERAL COMMODITY PROVISIONS

Subtitle A—Miscellaneous Commodity Provisions

Sec. 1101. Payment limitations.
Sec. 1102. Hybrid seed corn producers.
Sec. 1103. Advance deficiency and diversion payments.
Sec. 1104. Commodity credit corporation sales price restrictions.
Sec. 1105. Disaster payments for 1991 through 1995 crops of peanuts, soybeans, sugar beets, and sugarcane.
Sec. 1106. Extension and enhancement of authority for multiyear set-aside contracts.
Sec. 1107. Establishment of cover crop.
Sec. 1108. Supplemental set-aside and acreage limitation authority.
Sec. 1109. Extension of the food security wheat reserve.
Sec. 1110. Extension of normally planted acreage provisions.
Sec. 1111. Extension of provisions regarding the advance announcement of programs.
Sec. 1112. Extension of provisions regarding certain determinations of the Secretary.
Sec. 1113. Application of terms in the Agricultural Act of 1949.
Sec. 1114. Normal supply determination.
Sec. 1115. National agricultural cost of production standards review board.
Sec. 1116. Producer reserve program for wheat and feed grains.
Sec. 1117. Certificates.
Sec. 1118. Procedural requirements.
Sec. 1119. Financial impact assessment.
Sec. 1120. Survey of program participants.

Subtitle B—Uniform Base Acreage and Yield Provisions

Sec. 1121. Acreage base and program yield system for the wheat, feed grain, upland cotton, and rice programs.

TITLE XII—TRADE

Subtitle A—Public Law 480, Food for Progress

Sec. 1201. Amendment of Agricultural Trade Development and Assistance Act of 1954.
Sec. 1202. Extension of authorities.
Sec. 1203. Amendment to section 3.
Sec. 1204. Amendments to title I.
Sec. 1205. Amendments to title II.
Sec. 1206. Repeal of title III.
Sec. 1207. Amendments to title IV.
Sec. 1208. Program regulations.
Sec. 1209. Food for progress.
Sec. 1210. Amendment to section 416.

SUBTITLE B—EXPORT PROMOTION

Sec. 1211. Amendment to the Agricultural Trade Act of 1978.
Sec. 1212. Amendments relating to export credit programs.
Sec. 1213. Market development task force.

Subtitle C—Agricultural Trade With and Fellowships for Emerging Democracies and Middle-Income Countries

Sec. 1221. Promotion of agricultural exports to emerging democracies.
Sec. 1222. Agricultural Fellowship Program for middle-income countries and emerging democracies.

Subtitle D—Studies and Reports

Sec. 1231. Study of North American free trade area.
Sec. 1232. Report on wood export promotion.
Sec. 1233. Rose and flower study.
Sec. 1234. Commodity transportation and technology assessment and report.
Sec. 1235. Red tart cherry study.
Sec. 1236. Report on section 22 suspension or termination.

Subtitle E—Effective Dates and Conforming Changes

Sec. 1241. Effective dates.
Sec. 1242. Conforming changes.

TITLE XIII—RESEARCH

Subtitle A—Extensions and Changes to Existing Programs

Sec. 1301. Increased authorizations for, and the extension of, existing programs.
Sec. 1302. Findings of the National Agricultural Research, Extension, and Teaching Policy Act of 1977.
Sec. 1303. Definition of sustainable agriculture.
Sec. 1304. Joint council on food and agricultural sciences and national agricultural research and extension users advisory board.
Sec. 1305. Federal-State partnership and coordination.
Sec. 1306. Grants to enhance research capacity in schools of veterinary medicine.
Sec. 1307. Grants and fellowships for food and agricultural sciences education.
Sec. 1308. Grants for research on the production and marketing of alcohols and industrial hydrocarbons from agricultural commodities and forest products.
Sec. 1309. Joint contract for assessment of food science and human nutrition research.
Sec. 1310. Animal health and disease research study and animal health science research advisory board.
Sec. 1311. Grant programs for 1890 land-grant colleges, including Tuskegee University.
Sec. 1312. International agricultural research and extension and international trade development centers.
Sec. 1313. Reauthorization of extension education and pilot project to coordinate food and nutrition education programs.
Sec. 1314. Aquaculture assistance programs.
Sec. 1315. Program of competitive, special, and facilities ggants for agricultural research.
Sec. 1316. Minimization of conflicts of interest of employees of colleges receiving funds under the Smith-Lever Act.
Sec. 1317. Grants for financially stressed farmers, dislocated farmers, and rural families.

Subtitle B—Sustainable Agriculture Research and Education Program

Sec. 1321. Purpose and definitions.
Sec. 1322. Research and extension projects.
Sec. 1323. Program administration.
Sec. 1324. Federal-State Matching Grant Program.
Sec. 1325. Integrated management systems research and education.
Sec. 1326. Technical guides and handbooks.
Sec. 1327. Education and training.
Sec. 1328. Authorization for appropriations.
Sec. 1329. Repeal of agricultural productivity research provisions.

Subtitle C—National Genetics Resources Program

Sec. 1331. Establishment, purpose, and functions of the National Genetic Resources Program.
Sec. 1332. Appointment and authority of director.
Sec. 1333. Advisory council.
Sec. 1334. Definitions and authorization of appropriations.

Subtitle D—National Agricultural Library

Sec. 1335. Establishment, purposes, and functions of the National Agricultural Library.
Sec. 1336. Gifts.
Sec. 1337. Board of Regents.
Sec. 1338. Definitions and authorization of appropriations.

Subtitle E—National Agricultural Weather Information System

Sec. 1339. Short title, findings, and purposes.
Sec. 1340. Agricultural Weather Office.
Sec. 1341. National Advisory Board on Agricultural Weather.
Sec. 1342. State agricultural weather information systems.
Sec. 1343. Funding.

Subtitle F—Plant and Animal Pest and Disease Control Program

Sec. 1344. Findings and definitions.
Sec. 1345. Establishment of office.
Sec. 1346. Plant and Animal Pest and Disease Control Program.
Sec. 1347. Pest and disease control data base and pesticide resistance monitoring.
Sec. 1348. Research on exotic pests.
Sec. 1349. Authorization of appropriations.

Subtitle G—Research Regarding the Production, Preparation, Processing, Handling, and Storage of Agricultural Products

Sec. 1351. Findings, purpose, and definition.
Sec. 1352. Research and Grant Program.
Sec. 1353. Advisory committee and grant process.
Sec. 1354. Reports to Congress.
Sec. 1355. Authorization of Appropriations.

Subtitle H—National Institute for Alternative Agricultural Products

Sec. 1356. Short title, purposes, and definitions.
Sec. 1357. National Institute for Alternative Agricultural Products.
Sec. 1358. National Alternative Agricultural Products Board.
Sec. 1359. Research and development grants, contracts, and agreements.
Sec. 1360. Commercialization assistance.
Sec. 1361. General rules regarding the provision of assistance.
Sec. 1362. Regional centers.
Sec. 1363. Alternative Agricultural Products Technology Revolving Fund.

Subtitle I—Agriculture and Water Policy Coordination

PART 1—SHORT TITLE, DEFINITIONS, WATER QUALITY POLICY, COORDINATION, RESEARCH AND INFORMATION

Sec. 1364. Short title, purpose, definitions, and authorization of appropriations.
Sec. 1365. Policy with respect to agrichemicals.
Sec. 1366. State Water Quality Coordination Program.
Sec. 1367. Water quality research.
Sec. 1368. Nutrient management research.
Sec. 1369. Repository of agriculture and water quality planning information.
Sec. 1370. Data base on State plans and programs.
Sec. 1371. National Agriculture and Water Data Base.

PART 2—EXPERIMENTAL WATER QUALITY ENHANCEMENT PROGRAM

Sec. 1372. Program eligibility.
Sec. 1373. Duties of owners and operators.
Sec. 1374. Duties of the secretary.
Sec. 1375. Water quality management plans.
Sec. 1376. Agreements.

Subtitle J—Miscellaneous Research Provisions

Sec. 1377. Biotechnology risk assessment research.
Sec. 1378. Graduate school of the United States Department of Agriculture.
Sec. 1379. Pesticide Impact Response Program.
Sec. 1380. Collection of pesticide use information.
Sec. 1381. Disposal of agricultural chemicals and agricultural chemical containers.
Sec. 1382. National farm safety study.
Sec. 1383. Plant Genome Mapping Program.
Sec. 1384. Composting Research and Extension Program.
Sec. 1385. Aflatoxin Research Program.
Sec. 1386. Agricultural Telecommunications Program.
Sec. 1387. Study of the transportation of fertilizer and agricultural chemicals to farmers.
Sec. 1388. Special grant to study constraints on agricultural trade.
Sec. 1389. Special grants for mesquite and prickly pear research.
Sec. 1390. National centers for food safety research.
Sec. 1391. Immunoassy Research Program.
Sec. 1392. Rural development research.
Sec. 1393. Outreach and assistance for socially disadvantaged farmers.
Sec. 1394. Grants for Niche market development.
Sec. 1395. Miscellaneous agricultural research centers.
Sec. 1396. Agricultural assistance program for farmers with disabilities.

TITLE XIV—MARKETING

Subtitle A—Fruits and Vegetables

Sec. 1401. Findings.
Sec. 1402. Purposes.
Sec. 1403. Declaration.
Sec. 1404. Study of the fruit and vegetable industry.

Subtitle B—Marketing

Sec. 1411. Amendment to the Perishable Agricultural Commodities Act.
Sec. 1412. Enforcement of handler assessments.
Sec. 1413. Wine and winegrape industry study.
Sec. 1414. Producer research and promotion board accountability.

Subtitle C—Commodity Promotion

PART 1—PECAN PROMOTION

Sec. 1421. Short title.
Sec. 1422. Findings and declaration of policy.
Sec. 1423. Definitions.
Sec. 1424. Issuance of plans.
Sec. 1425. Regulations.
Sec. 1426. Required terms in plans.
Sec. 1427. Permissive terms in plans.
Sec. 1428. Assessment.
Sec. 1429. Petition and review.
Sec. 1430. Enforcement.
Sec. 1431. Investigations and power to subpoena.
Sec. 1432. Requirement of referendum.
Sec. 1433. Suspension or termination of plan.
Sec. 1434. Authorization of appropriations.

PART 2—MUSHROOMS

Sec. 1441. Short title.
Sec. 1442. Findings and declaration of policy.
Sec. 1443. Definitions.
Sec. 1444. Issuance of orders.
Sec. 1445. Required terms in orders.
Sec. 1446. Referenda.
Sec. 1447. Petition and review.
Sec. 1448. Enforcement.
Sec. 1449. Investigations and power to subpoena.
Sec. 1450. Savings provision.
Sec. 1451. Suspension or termination of orders.

Sec. 1452. Authorization of appropriations.
Sec. 1453. Regulations.

PART 3—POTATOES

Sec. 1461. Short title.
Sec. 1462. Findings and declaration of policy.
Sec. 1463. Definitions.
Sec. 1464. Authority to issue a plan.
Sec. 1465. Notice and hearings.
Sec. 1466. Required terms in plans.
Sec. 1467. Permissive terms in plans.
Sec. 1468. Assessments.
Sec. 1469. Investigation and power to subpoena.
Sec. 1470. Requirement of referendum.
Sec. 1471. Suspension or termination of plans.
Sec. 1472. Amendment procedure.

PART 4—COTTON

Sec. 1473. Short title.
Sec. 1474. Findings and declaration of policy.
Sec. 1475. Required terms in order; cotton imports.
Sec. 1476. Requirements for referenda.
Sec. 1477. Suspension and termination of orders.
Sec. 1478. Amendments to the order.
Sec. 1479. Producer refunds.
Sec. 1480. Definitions.

PART 5—LIMES

Sec. 1481. Short title.
Sec. 1482. Findings, purposes, and limitations.
Sec. 1483. Definitions.
Sec. 1484. Issuance of orders.
Sec. 1485. Required terms in orders.
Sec. 1486. Permissive terms in orders.
Sec. 1487. Petition and review.
Sec. 1488. Enforcement.
Sec. 1489. Investigations and power to subpoena.
Sec. 1490. Initial referendum.
Sec. 1491. Suspension and termination.
Sec. 1492. Authorization of appropriations.
Sec. 1493. Regulations.

TITLE XV—STATE AND PRIVATE FORESTRY

Sec. 1501. Firefighting preparedness and mobilization assistance.
Sec. 1502. Insect control.
Sec. 1503. Disaster assistance.
Sec. 1504. Research and utilization.
Sec. 1505. Forest Reserve Program.
Sec. 1506. Forest land protection studies.
Sec. 1507. Forest resources management improvement stewardship and reforestation project.
Sec. 1508. Urban and community forestry.
Sec. 1509. America the Beautiful Foundation.
Sec. 1510. Presidential Commission on State and Private Forests.
Sec. 1511. Blue Mountain Natural Resource Institute.
Sec. 1512. International Forest Resources Institute.

TITLE XVI—CONSERVATION

Sec. 1601. Modification of Highly Erodible Land Program.
Sec. 1602. Modification of Wetlands Program.
Sec. 1603. Conservation Reserve Program.
Sec. 1604. Tree planting initiative.
Sec. 1605. Natural Resource Loan Program.
Sec. 1606. State technical committee.
Sec. 1607. Water quality protection.
Sec. 1608. Wetland and environmental easements.
Sec. 1609. Administration of conservation programs.
Sec. 1610. Office of Environmental Quality.
Sec. 1611. Integrated farm management program option.
Sec. 1612. Soil and water activities.
Sec. 1613. Cost sharing for soil enhancement.
Sec. 1614. Extension of Great Plains Conservation Program.
Sec. 1615. Amendment to the Watershed Protection and Flood Prevention Act.
Sec. 1616. Resource Conservation and Development Program eligibility.
Sec. 1617. Amendment to the Noxious Weed Act.

TITLE XVII—FOOD STAMP AND RELATED PROVISIONS

Sec. 1700. Short title; presumption of reference to Food Stamp Act of 1977.

Subtitle A—Reducing Childhood Hunger

Sec. 1701. Households with high shelter expenses.
Sec. 1702. Basic benefit level.
Sec. 1703. Continuing benefits to eligible households.
Sec. 1704. Emergency food for disaster victims.
Sec. 1705. Clothing allowances and general assistance vendor payments.
Sec. 1706. Participants in demonstration projects.

Sec. 1707. Alternate method of issuance.
Sec. 1708. Improving assistance to the homeless.
Sec. 1709. Reduced paperwork for homeless households.

Subtitle B—Promoting Self-Sufficiency

Sec. 1711. Child support.
Sec. 1712. Limitation on resources.
Sec. 1713. State option to reduce unnecessary paperwork.
Sec. 1714. Combined households.
Sec. 1715. Employment and training program expansion.
Sec. 1716. Employment and training allocation.
Sec. 1717. Helping low-income students achieve self-sufficiency.
Sec. 1718. Families in transitional housing.

Subtitle C—Simplifying Program Administration

Sec. 1721. Relatives living together.
Sec. 1722. AFDC/Food stamp simplification.
Sec. 1723. Simplifying resource and eligibility determinations.
Sec. 1724. Simplified application signing requirements.
Sec. 1725. Categorical eligibility for recipients of State general assistance.
Sec. 1726. Fraud claims repayment.
Sec. 1727. Commission on coordination of family support and food stamp policies.
Sec. 1728. Dependent care expenses.
Sec. 1729. State flexibility in budgeting methods.
Sec. 1730. Enhanced waiver authority for demonstration projects.

Subtitle D—Hunger in Rural America

Sec. 1731. Simplified issuance procedures in rural areas.
Sec. 1732. Flexibility for State informational activities.
Sec. 1733. Vehicles necessary to carry fuel or water.
Sec. 1734. Grants to improve food stamp participation of rural Americans, minorities, elderly and homeless.

Subtitle E—Promoting Access for the Elderly and Disabled

Sec. 1741. Clarifying amendment concerning simplified procedure for claiming excess medical deduction.
Sec. 1742. Value of minimum benefit.
Sec. 1743. Procedures for issuing aggregate allotments.
Sec. 1744. Applicants for supplemental security income.
Sec. 1745. Asset Limits for the disabled.
Sec. 1746. Extension of pilot projects.

Subtitle F—Program Administration by State Agencies

Sec. 1751. Quality control sanctions with respect to disallowances before fiscal year 1991.
Sec. 1752. Food stamp automation.

Subtitle G—Food Stamp Program Integrity

Sec. 1761. Authorization of wholesale food concerns.
Sec. 1762. Required submission of social security numbers and taxpayer identifying numbers of retail food stores and wholesale food concerns.
Sec. 1763. Biennial reauthorization of retail food stores.
Sec. 1764. Per-violation civil money penalty for coupon trafficking; permanent disqualification for certain abuses.
Sec. 1765. Fines for retail food stores and wholesale food concerns that accept loose coupons.
Sec. 1766. Fines for unauthorized third parties that accept food stamps.
Sec. 1767. Computer fraud penalties.
Sec. 1768. Unlawful use of coupons in laundering monetary instruments.
Sec. 1769. Issuance of warning letters.

Subtitle H—Commodity Distribution Programs

Sec. 1771. TEFAP commodity availability.
Sec. 1772. Food bank projects.
Sec. 1773. Authorizing a Commodity Supplemental Food Program for the elderly and increasing administrative funding.
Sec. 1774. Food Distribution Program—advance funding for State option contracts (SOCS).
Sec. 1775. Clarifying amendment.
Sec. 1776. Distribution of milk.
Sec. 1777. Commodity assistance for infants and children.

Subtitle I—Reauthorization of Programs

Sec. 1781. Reauthorization of Food Stamp Program and elimination of specified authorization levels.
Sec. 1782. Reauthorization of Nutrition Assistance Program for Puerto Rico.
Sec. 1783. Reauthorization of Temporary Emergency Food Assistance Program.
Sec. 1784. Soup kitchens and food banks.
Sec. 1785. Reauthorization of Commodity Supplemental Food Program and other food donation programs.
Sec. 1786. Processing agreements.
Sec. 1787. Nutrition education authorization.

Subtitle J—Miscellaneous; Effective Dates

Sec. 1791. Gleaning assistance.
Sec. 1792. Welfare Simplification and Coordination Advisory Committee.
Sec. 1793. Nutrition education improvements.
Sec. 1794. Effective dates.
Sec. 1795. Special provisions in case of sequestration.

TITLE XVIII—IMPROVEMENT OF AGRICULTURAL ECONOMY

Subtitle A—Grain Quality Improvements

Sec. 1801. Committee on grain quality and grain quality coordinator.
Sec. 1802. Benefits and costs associated with grain quality.
Sec. 1803. Classification, grades, and standards design framework.
Sec. 1804. Improving the cleanliness of grain.
Sec. 1805. Grade determinig factors related to physical soundness and purity.
Sec. 1806. Testing for aflatoxin contamination of corn shipped in foreign commerce; domestic testing standards and procedures.
Sec. 1807. Cargo loading requirements.
Sec. 1808. Prohibition of contamination.
Sec. 1809. Sense of Congress concerning tests for purity.
Sec. 1810. Sense of Congress concerning cooperative enforcement of Federal grain purity requirements.
Sec. 1811. Entry quality standards for all farmer-owned reserve grains.
Sec. 1812. Price support loan incentives for quality grain.
Sec. 1813. Quality requirements for commodity credit Corporation-owned grain.
Sec. 1814. Establishing quality as a goal for Commodity Credit Corporation programs.
Sec. 1815. Seed variety information.
Sec. 1816. Survey of grain varieties.
Sec. 1817. Analysis of Variety Survey Data.
Sec. 1818. Sense of Congress concerning end-use performance research.
Sec. 1819. Sense of Congress concerning cooperation in objective testing.
Sec. 1820. Authority to assist farmers and elevator operators.
Sec. 1821. Standardizing commercial inspections.

Subtitle B—Agricultural Cooperation and Development

Sec. 1831. Control and eradication of plant pests.
Sec. 1832. Cooperation in animal disease control.
Sec. 1833. Debt for agricultural development exchanges.

Subtitle C—Other Provisions

Sec. 1841. Agricultural product promotion and enhancement.
Sec. 1842. Agricultural Assistance Program for farmers with disabilities.
Sec. 1843. Emergency grants to assist low-income migrant and seasonal farmworkers.
Sec. 1844. Narrowing the defense exception to the Farmland Protection Policy Act.
Sec. 1845. Forage rangeland inventory survey.
Sec. 1846. Accurate tracking of costs of Commodity Certificate Program.
Sec. 1847. Improving the accuracy of Commodity Program budget forecasts.

Subtitle D—Reports and Studies

Sec. 1851. Pass through of savings.
Sec. 1852. Farm value of agricultural products.
Sec. 1853. Study of the concentration of the meat packing industry.

TITLE I—COTTON

SEC. 101. LOAN RATES, TARGET PRICES, DISASTER PAYMENTS, ACREAGE LIMITATION PROGRAM, AND LAND DIVERSION FOR THE 1991 THROUGH 1995 CROPS OF UPLAND COTTON.

Effective only for the 1991 through 1995 crops of upland cotton, the Agricultural Act of 1949 is amended by inserting after section 103A (7 U.S.C. 1444-1) the following new section:

"SEC. 103B. (a) LOANS.—(1) IN GENERAL.—Except as provided in paragraph (2), the Secretary shall, on presentation of warehouse receipts or other acceptable evidence of title, as determined by the Secretary, reflecting accrued storage charges of not more than 60 days, make available for the 1991 through 1995 crops of upland cotton to producers nonrecourse loans for a term of 10 months from the first day of the month in which the loan is made at such loan level, per pound, as will reflect for the base quality of upland cotton, as determined by the Secretary, at average location in the United States a level that is not less than the smaller of—

"(A) 85 percent of the average price (weighted by market and month) of such base quality of cotton as quoted in the designated United States spot markets during 3 years of the 5-year period ending July 31 in the year in which the level of price support is announced, excluding the year in which the average price was the highest and the year in which the average price was the lowest in such period; or

"(B) 90 percent of the average, for the 15-week period beginning July 1 of the year in which the level of price support is announced, of the 5 lowest-priced growths of the growths quoted for Middling one and three-thirty-seconds inch cotton C.I.F. Northern Europe (adjusted downward by the average difference during the period April 15 through October 15 of the year in which the loan is announced between such average northern European price quotation of such quality of cotton and the market quotations in the designated United States spot markets for the base quality of upland cotton, as determined by the Secretary).

For purposes of perfecting a security interest under any State law, the evidence of title approved by the Secretary under this paragraph shall be considered to be a warehouse receipt.

"(2) ADJUSTMENTS TO LOAN LEVEL.—(A) LIMITATION ON DECREASE IN LOAN LEVEL.—The loan level for any crop determined under paragraph (1) may not be reduced by more than 5 percent from the level determined for the preceding crop, nor may such loan level be reduced below 50 cents per pound.

"(B) LIMITATION ON INCREASE IN LOAN LEVEL.—If for any crop the average northern European price determined under paragraph (1)(B) is less than the average United States spot market price determined under paragraph (1)(A), the Secretary may increase the loan level to such level as the Secretary may deem appropriate, not in excess of the average United States spot market price determined under paragraph (1)(A).

"(3) ANNOUNCEMENT OF LOAN LEVEL.—The loan level for any crop of upland cotton shall be determined and announced by the Secretary not later than November 1 of the calendar year preceding the marketing year for which such loan is to be effective. Such loan level shall not thereafter be changed.

"(4) LENGTH OF TERMS OF NONRECOURSE LOANS.—(A) EXTENSION OF TERMS.—Except as provided in subparagraph (B), nonrecourse loans provided for in this section shall, on request of the producer during the 10th month of the loan period for the cotton, be made available for an additional term of 8 months.

"(B) LIMITATION ON EXTENSIONS.—A request to extend the loan period shall not be approved in any month in which the average price of the base quality of upland cotton, as determined by the Secretary, in the designated spot markets for the preceding month exceeded 130 percent of the average price of such base quality of cotton in such markets for the preceding 36-month period.

"(5) COMPETITIVE POSITION DETERMINATION.—(A) IN GENERAL.—If the Secretary determines that the prevailing world market price for upland cotton (adjusted to United States quality and location) is below the loan level determined under the foregoing provisions of this subsection, in order to make United States upland cotton competitive in world markets, the Secretary shall implement the provisions of Plan A or Plan B in accordance with this paragraph.

"(B) REDUCED LOAN REPAYMENT LEVEL.—If the Secretary elects to implement Plan A, the Secretary shall permit a producer to repay a loan made for any crop at a level determined and announced by the Secretary at the same time the Secretary announces the loan level for such crop as determined under paragraph (3). Such repayment level for loans on such crops shall not be less than 80 percent of the loan level determined for the crop. Such repayment level, once announced for the crop, shall not thereafter be changed.

"(C) MARKETING LOAN.—(i) If the Secretary elects to implement Plan B, except as provided in clause (ii), the Secretary shall permit a producer to repay a loan made for any crop at a level that is the lesser of—

"(I) the loan level determined for such crop; or

"(II) the prevailing world market price for upland cotton (adjusted to United States quality and location), as determined by the Secretary.

"(ii) For each of the 1991 through 1995 crops of cotton, if the prevailing world market price for upland cotton (adjusted to United States quality and location) as determined by the Secretary, is less than 80 percent of the loan level determined for such crop, the Secretary may permit a producer to repay a loan made under this subsection for a crop at such level (not in excess of 80 percent of the loan level determined for such crop) as the Secretary determines will—

"(I) minimize potential loan forfeitures;

"(II) minimize the accumulation of cotton stocks by the Federal Government;

"(III) minimize the cost incurred by the Federal Government in storing cotton; and

"(IV) allow cotton produced in the United States to be marketed freely and competitively, both domestically and internationally.

"(D) FIRST HANDLER NEGOTIABLE MARKETING CERTIFICATES.—(i) During the period beginning August 1, 1991, and ending July 31, 1996, if a program carried out under Plan A or Plan B fails to make United States upland cotton fully competitive in world markets and the prevailing world market price of upland cotton (adjusted to United States quality and location), as determined by the Secretary, is below the current loan repayment rate for upland cotton determined under subparagraph (A), then in order to make United States upland cotton competitive in world markets and to maintain and expand domestic consumption and exports of upland cotton produced in the United States, the Secretary shall provide for the issuance of negotiable marketing certificates in accordance with this subparagraph.

"(ii) The Commodity Credit Corporation, under such regulations as the Secretary may prescribe, shall make payments, through the issuance of negotiable marketing certificates, to first handlers of cotton (persons regularly engaged in buying or selling upland cotton) who have entered into an agreement with the Commodity Credit Corporation to participate in the program established under this subparagraph. Such payments shall be made in such monetary amounts and subject to such terms and conditions as the Secretary determines will make upland cotton produced in the United States available at competitive prices, consistent with the purposes of this subparagraph.

"(iii) The value of each certificate issued under clause (ii) shall be based on the difference between—

"(I) the loan repayment rate for upland cotton under Plan A or Plan B, as the case may be; and

"(II) the prevailing world market price of upland cotton (adjusted to United States quality and location), as determined by the Secretary.

"(iv) The Commodity Credit Corporation, under regulations prescribed by the Secretary, may assist any person receiving marketing certificates under this subparagraph in the redemption of certificates for cash, or marketing or exchange of such certificates for agricultural commodities or the products thereof owned by the Commodity Credit Corporation, at such times, in such manner, and at such price levels as the Secretary determines will best effectuate the purposes of the program established under this subparagraph. Any price restrictions that may otherwise apply to the disposition of agricultural commodities by the Commodity Credit Corporation shall not apply to the redemption of certificates under this subparagraph.

"(v) Insofar as practicable, the Secretary shall permit owners of certificates to designate the commodities and the products thereof, including storage sites thereof, such owners would prefer to receive in exchange for certificates. If any certificate is not presented for redemption, marketing, or exchange within a reasonable number of days after the issuance of such certificate (as determined by the Secretary), reasonable costs of storage and other carrying charges, as determined by the Secretary, shall be deducted from the value of the certificate for the period beginning after such reasonable number of days and ending with the date of the presentation of such certificate to the Commodity Credit Corporation.

"(vi) The Secretary shall take such measures as may be necessary to prevent the marketing or exchange of agricultural commodities and products for certificates under this subsection from adversely affecting the income of producers of such commodities or products.

"(vii) Under regulations prescribed by the Secretary, certificates issued to cotton handlers under this subparagraph may be transferred to other handlers and persons approved by the Secretary.

"(E) DETERMINATION OF PREVAILING WORLD MARKET PRICE.—(i) The Secretary shall prescribe by regulation—

"(I) a formula to define the prevailing world market price for upland cotton (adjusted to United States quality and location); and

"(II) a mechanism by which the Secretary shall announce periodically the prevailing world market price for upland cotton (adjusted to United States quality and location).

"(ii) The prevailing world market price for upland cotton (adjusted to United States quality and location) established under this subparagraph shall be used for purposes of both Plan A and Plan B and marketing certificates under subparagraph (D).

"(F) ADJUSTMENT TO PREVAILING WORLD MARKET PRICE.—(i) During the period beginning August 1, 1991, and ending July 31, 1996, the prevailing world market price for upland cotton (adjusted to United States quality and location) established under subparagraph (E) shall be further adjusted if:

"(I) such adjusted prevailing world market price is less than 115 percent of the current crop year loan level for the base quality of upland cotton, as determined by the Secretary; and

"(II) the Friday through Thursday average price quotation for the lowest-priced United States growth as quoted for Middling (M) one and three-thirty seconds inch cotton delivered C.I.F. Northern Europe is greater than the Friday through Thursday average price of the five lowest-priced growths of upland cotton, as quoted for Middling (M) one and three-thirty seconds inch cotton, delivered C.I.F. Northern Europe (hereafter referred to as 'the Northern Europe price').

"(ii) Such adjusted prevailing world market price shall be further adjusted on the basis of some or all of the following data, as available:

"(I) the United States share of world exports;

"(II) the current level of cotton export sales and cotton export shipments; and

"(III) other data determined by the Secretary, or a designee of the Secretary, to be relevant in establishing an accurate prevailing world market price for upland cotton (adjusted to United States quality and location).

"(iii) The adjustment may not exceed the difference between the Friday through Thursday average price for the lowest-priced United States growth as quoted for Middling one and three-thirty seconds inch cotton delivered C.I.F. Northern Europe and the Northern Europe price.

"(G) COTTON USER NEGOTIABLE MARKETING CERTIFICATES.—During the period beginning August 1, 1991, and ending July 31, 1996, if for any consecutive four-week period, the Friday through Thursday average price quotation for the lowest-priced United States growth, as quoted for Middling (M) one and three-thirty seconds inch cotton, delivered C.I.F. Northern Europe exceeds the Northern Europe price by more than 1.25 cents per pound, the Secretary shall issue negotiable marketing certificates to domestic users or exporters for documented sales made in the week following such consecutive four-week period. The value of such negotiable marketing certificates shall be based on the amount of the difference, reduced by 1.25 cents per pound, in such prices during the fourth week of the consecutive four-week period multiplied by the quantity of upland cotton included in such documented sales. The provisions of subparagraphs (D)(iv) through (vii) shall apply to negotiable marketing certificates issued under this subparagraph, and any such certificates may be transferred to other persons approved by the Secretary under regulations prescribed by the Secretary.

"(H) SPECIAL IMPORT QUOTA; ONE WEEK'S MILL CONSUMPTION.—(i) The President shall, within 60 days after the date of enactment of this section, establish an import quota program which shall provide that whenever the Secretary determines and announces that for any consecutive ten week period, the Friday through Thursday average price quotation for the lowest-priced United States growth, as quoted for Middling (M) one and three-thirty seconds inch cotton, delivered C.I.F. Northern Europe, adjusted for the value of any certificates issued under subparagraph (F), exceeds the Northern Europe price by more than 1.25 cents per pound, there shall immediately be in effect a special limited global import quota.

"(ii) Such quota shall be equal to one week's consumption of upland cotton by domestic mills at the seasonally adjusted average rate of the most recent 3 months for which data are available.

"(iii) Such quota shall apply to upland cotton purchased not later than 90 days after the date of the Secretary's announcement under clause (i) and entered into the United States not later than 180 days after such date.

"(iv) A special quota period may be established that overlaps any existing quota period if required by the provisions of clause (i), except that a special quota period may not be established under this paragraph if a special quota period has been established under subsection (n).

"(6) RECOURSE SEED COTTON LOANS.—In order to encourage and assist producers in the orderly ginning and marketing of their production of upland cotton, the Secretary shall make recourse loans available to such producers on seed cotton in accordance with authority vested in the Secretary under the Commodity Credit Corporation Charter Act (15 U.S.C. 714 et seq.).

"(b) PAYMENTS FOR FORGOING LOAN.—(1) IN GENERAL.—The Secretary shall, for each of the 1991 through 1995 crops of upland cotton, make payments available to producers who, although eligible to obtain a loan under subsection (a), agree to forgo obtaining such loan in return for such payments.

"(2) COMPUTATION.—A payment under this subsection shall be computed by multiplying—

"(A) the loan payment rate; by

"(B) the quantity of upland cotton on which the producer requests payment.

"(3) QUANTITY ELIGIBLE.—For purposes of this subsection, the quantity of upland cotton eligible for payment may not exceed the product obtained by multiplying—

"(A) the individual farm program acreage for the crop; by

"(B) the actual yield per harvested acre established for the farm.

"(4) LOAN PAYMENT RATE.—For purposes of this subsection, the loan payment rate shall be the amount by which—

"(A) the loan level determined for such crop under subsection (a) exceeds

"(B) the level at which a loan may be repaid under subsection (a).

"(5) PAYMENT IN NEGOTIABLE MARKETING CERTIFICATES.—The Secretary may make up to one-half the amount of a payment under this subsection available in the form

of negotiable marketing certificates, subject to the terms and conditions provided in subsection (a)(5)(D).

"(c) DEFICIENCY PAYMENTS.—(1) IN GENERAL.—(A) COMPUTATION.—The Secretary shall make available to producers payments (to be known as 'deficiency payments') for each of the 1991 through 1995 crops of upland cotton in an amount computed by multiplying—

"(i) the payment rate; by

"(ii) the individual farm program acreage; by

"(iii) the farm program payment yield established for the crop for the farm.

"(B) 0/92 AND 50/92 PROGRAMS.—(i) If an acreage limitation program under subsection (e)(2) is in effect for a crop of upland cotton and the producers on a farm devote a portion of the permitted upland cotton acreage of the farm (as determined in accordance with subsection (e)(2)(A)) equal to more than 8 percent of the permitted upland cotton acreage of the farm for the crop to conservation uses (except as provided in subparagraph (F))—

"(I) such portion of the permitted upland cotton acreage in excess of 8 percent of such acreage devoted to conservation uses (except as provided in subparagraph (F)) shall be considered to be planted to upland cotton for the purpose of determining the individual farm program acreage in accordance with subsection (e)(2)(E) and for the purpose of determining the acreage on the farm required to be devoted to conservation uses in accordance with subsection (e)(2)(D); and

"(II) the producers shall be eligible for payments under this paragraph on such acreage, subject to the compliance of the producers with clause (ii).

"(ii)(I) To be eligible for payments under clause (i), except as provided in subclause (II) and clause (iv), the producers on a farm must actually plant upland cotton for harvest on at least 50 percent of the permitted upland cotton acreage of the farm.

"(II) The Secretary may waive the 50 percent planting requirement in subclause (I) for any crop of upland cotton.

"(iii) Notwithstanding any other provision of this section, any producer who elects to devote a portion (or, where the Secretary exercises the waiver authority under clause (ii)(II), all) of the permitted upland cotton acreage of the farm to conservation uses (or other uses as provided in subparagraph (F)) under this subparagraph shall receive deficiency payments on the acreage that is considered to be planted to upland cotton and eligible for payments under this subparagraph for such crop at a rate established by the Secretary, except that such rate may not be established at less than the projected deficiency payment rate for the crop, as determined by the Secretary. Such projected payment rate for the crop shall be announced by the Secretary prior to the period during which upland cotton producers may agree to participate in the program for such crop.

"(iv) If a State or local agency has imposed in an area of a State or county a quarantine on the planting of upland cotton for harvest on farms in such area, the State committee established under section 8(b) of the Soil Conservation and Domestic Allotment Act (16 U.S.C. 590h(b)) may recommend to the Secretary that payments be made under this paragraph to producers in such area who were required to forgo the planting of upland cotton for harvest on acreage to alleviate or eliminate the condition requiring such quarantine. If the Secretary determines that such condition exists, the Secretary may make payments under this paragraph to such producers. To be eligible for payments under this clause, such producers must devote such acreage to conservation uses (except as provided in subparagraph (F)).

"(v) If an acreage limitation program under subsection (e) is in effect for any crop of upland cotton and if the Secretary determines that producers on a farm are prevented from planting the acreage intended for upland cotton to upland cotton because of drought, flood, or other natural disaster, or other condition beyond the control of the producers, the Secretary shall make available to such producers payments computed as provided in paragraph (1)(A). Producers shall be eligible for such payments if a portion (or all) of the permitted upland cotton acreage of the farm is devoted to conservation uses (except as provided in paragraph (F)). Such acreage equal to more than 8 percent of the permitted upland cotton acreage of the farm for the crop shall be considered to be planted to upland cotton for the purpose of determining the individual farm program acreage in accordance with subsection (e)(2)(E) and for the purpose of determining the acreage on the farm required to be devoted to conservation uses in accordance with subsection (e)(2)(D). The provisions of clauses (iii) and (vi) shall apply to any such producers.

"(vi) The upland cotton crop acreage base and upland cotton farm program payment yield of the farm shall not be reduced due to the fact that such portion (or all) of the permitted acreage of the farm was devoted to conserving uses (except as provided in subparagraph (F)).

"(vii) Other than as provided in clauses (i) through (v), payments may not be made under this paragraph for any crop on a greater acreage than the acreage actually planted to upland cotton.

"(viii) Any acreage considered to be planted to upland cotton in accordance with clauses (i) and (v) may not also be designated as conservation use acreage for the purpose of fulfilling any provisions under any acreage limitation or land diversion program requiring that the producers devote a specified acreage to conservation uses.

"(C) PAYMENT RATE.—The payment rate for upland cotton shall be the amount by which the established price for the crop of upland cotton exceeds the higher of—

"(i) the national average market price received by producers during the calendar year that includes the first 5 months of the marketing year for such crop, as determined by the Secretary; or

"(ii) the loan level determined for such crop.

"(D) MINIMUM ESTABLISHED PRICE.—The established price for upland cotton shall not be less than $0.729 per pound.

"(E) REDUCTION FOR DISASTER PAYMENTS.—The total quantity of upland cotton on which payments would otherwise be payable to a producer on a farm for any crop under this paragraph shall be reduced by the quantity on which any disaster payment is made to the producer for the crop under paragraph (2).

"(F) ALTERNATIVE CROPS.—The Secretary may permit, subject to such terms and conditions as the Secretary may prescribe, all or any part of acreage otherwise required to be devoted to conservation uses as a condition of qualifying for payments under subparagraph (B) to be devoted to sweet sorghum or the production of guar, sesame, safflower, sunflower, rapeseed, castor beans, mustard seed, crambe, plantago ovato, flaxseed, triticale, rye, commodities for which no substantial domestic production or market exists but that could yield industrial raw material being imported, or likely to be imported, into the United States, or commodities grown for experimental purposes (including kenaf), subject to the following sentence. The Secretary may permit such acreage to be devoted to such production only if the Secretary determines that—

"(i) the production is not likely to increase the cost of the price support program and will not affect farm income adversely; and

"(ii) the production is needed to provide an adequate supply of the commodity, or, in the case of commodities for which no substantial domestic production or market exists but that could yield industrial raw materials, the production is needed to encourage domestic manufacture of such raw material and could lead to increased industrial use of such raw material to the long-term benefit of United States industry.

"(2) DISASTER ASSISTANCE.—(A) PREVENTED PLANTING PAYMENTS.—Except as provided in subparagraph (C), if the Secretary determines that the producers on a farm are prevented from planting any portion (or all) of the acreage intended for upland cotton to upland cotton or other nonconserving crops because of drought, flood, or other natural disaster, or other condition beyond the control of the producers, the Secretary shall make a prevented planting disaster payment to the producers in an amount equal to the product obtained by multiplying—

"(I) the number of acres so affected but not to exceed the acreage planted to upland cotton for harvest (including any acreage that the producers were prevented from planting to upland cotton or other nonconserving crops in lieu of upland cotton because of drought, flood, or other natural disaster, or other condition beyond the control of the producers) in the immediately preceding year; by

"(II) 75 percent of the farm program payment yield established for the farm by the Secretary; by

"(III) a payment rate equal to 33⅓ percent of the established price for the crop.

"(ii) Payments made by the Secretary under this subparagraph may be made in the form of cash or in such other form as the Secretary is authorized by law to make.

"(B) REDUCED YIELD PAYMENTS.—Except as provided in subparagraph (C), if the Secretary determines that because of drought, flood, or other natural disaster, or other condition beyond the control of the producers, the total quantity of upland cotton that the producers are able to harvest on any farm is less than the result of multiplying 75 percent of the farm program payment yield established for the farm for such crop by the acreage planted for harvest for such crop, the Secretary shall make a reduced yield disaster payment to the producers at a rate equal to 33⅓ per-

cent of the established price for the crop for the deficiency in production below 75 percent for the crop.

"(C) LIMITATION DUE TO CROP INSURANCE.—Producers on a farm shall not be eligible for—

"(i) prevented planting disaster payments under subparagraph (A), if prevented planting crop insurance is available to the producers under the Federal Crop Insurance Act (7 U.S.C. 1501 et seq.) with respect to the upland cotton acreage of the producers; or

"(ii) reduced yield disaster payments under subparagraph (B), if reduced yield crop insurance is available to the producers under such Act with respect to the upland cotton acreage of the producers.

"(D) EXCEPTION FROM LIMITATION.—(i) Notwithstanding subparagraph (C), the Secretary may make a disaster payment to producers on a farm under this paragraph if the Secretary determines that—

"(I) as the result of drought, flood, or other natural disaster, or other condition beyond the control of the producers, the producers have suffered substantial losses of production either from being prevented from planting upland cotton or other nonconserving crops or from reduced yields;

"(II) such losses have created an economic emergency for the producers;

"(III) crop insurance indemnity payments under the Federal Crop Insurance Act (7 U.S.C. 1501 et seq.) and other forms of assistance made available by the Federal Government to such producers for such losses are insufficient to alleviate such economic emergency; and

"(IV) additional assistance must be made available to such producers to alleviate such economic emergency.

"(ii) The Secretary may make such adjustments in the amount of payments made available under this paragraph with respect to an individual farm so as to assure the equitable allotment of such payments among producers, taking into account other forms of Federal disaster assistance provided to the producers for the crop involved.

"(d) FARM PROGRAM PAYMENT YIELDS.—The farm program payment yields for farms for each crop of upland cotton shall be determined under title V.

"(e) PROGRAMS TO REDUCE ACREAGE.—(1) IN GENERAL.—(A) EXCESSIVE SUPPLY.—Notwithstanding any other provision of this Act, if the Secretary determines that the total supply of upland cotton, in the absence of an acreage limitation program, will be excessive taking into account the need for an adequate carry-over to maintain reasonable and stable supplies and prices and to meet a national emergency, the Secretary may provide for any crop of upland cotton an acreage limitation program as described in paragraph (2).

"(B) CONSIDERATION OF CONSERVATION RESERVE.—In making a determination under subparagraph (A), the Secretary shall take into consideration the number of acres placed in the conservation acreage reserve established under section 1231 of the Food Security Act of 1985 (16 U.S.C. 3831).

"(C) ANNOUNCEMENT OF PROGRAM.—(i) If the Secretary elects to put an acreage limitation program into effect for any crop year, the Secretary shall make a preliminary announcement of any such program not later than November 1 of the calendar year preceding the year in which the crop is harvested. Such announcement shall include, among other information determined necessary by the Secretary, an announcement of the uniform percentage reduction in the upland cotton crop acreage base described in paragraph (2)(A).

"(ii) Not later than January 1 of the calendar year in which the crop is harvested, the Secretary shall make a final announcement of such program. Such announcement shall include, among other information determined necessary by the Secretary, an announcement of the uniform percentage reduction in the upland cotton crop described in paragraph (2)(A).

"(iii) The Secretary shall allow producers in early planting areas to elect to participate in the program on the terms of the acreage limitation program—

"(I) first announced for the crop under subparagraph (C)(i); or

"(II) as subsequently revised under subparagraph (C)(ii)

if the Secretary determines that such producers may be unfairly disadvantaged by such revision.

"(D) RATIO OF CARRY-OVER TO TOTAL DISAPPEARANCE.—The Secretary shall carry out an acreage limitation program described in paragraph (2) for a crop of upland cotton in a manner that will result in a ratio of carry-over to total disappearance (domestic use plus exports) of 30 percent, based on the Secretary's most recent projection of carry-over and total disappearance at the time of announcement of the acreage limitation program.

"(2) ACREAGE LIMITATION PROGRAM.—(A) UNIFORM PERCENTAGE REDUCTION.—If an upland cotton acreage limitation program is announced under paragraph (1), such limitation shall be achieved by applying a uniform percentage reduction (not to exceed 25 percent) to the upland cotton crop acreage base for the crop for each upland cotton-producing farm.

"(B) ENFORCEMENT.—Except as provided in subsection (g), producers who knowingly produce upland cotton in excess of the permitted upland cotton acreage for the farm, as established in accordance with subparagraph (A), shall be ineligible for upland cotton loans and payments with respect to that farm.

"(C) CROP ACREAGE BASES.—Upland cotton crop acreage bases for each crop of upland cotton shall be determined under title V.

"(D) CONSERVATION USE ACREAGE.—(i) A number of acres on the farm shall be devoted to conservation uses, in accordance with regulations issued by the Secretary. Such number shall be determined by dividing—

"(I) the product obtained by multiplying the number of acres required to be withdrawn from the production of upland cotton times the number of acres planted to such commodity; by

"(II) the number of acres authorized to be planted to such commodity under the limitation established by the Secretary.

"(ii) The number of acres determined under clause (i) is hereafter in this subsection referred to as 'reduced acreage'.

"(E) FARM PROGRAM ACREAGE.—Except as provided in subsection (c)(1)(B), the individual farm program acreage shall be the acreage planted on the farm to upland cotton for harvest within the permitted upland cotton acreage for the farm as established under this paragraph.

"(3) USE OF CONSERVATION ACREAGE.—(A) PROTECTION FROM WEEDS AND EROSION.—The regulations issued by the Secretary under paragraph (2) with respect to acreage required to be devoted to conservation uses shall assure protection of such acreage from weeds and wind and water erosion.

"(B) PERMITTED PLANTINGS.—The Secretary may permit, subject to such terms and conditions as the Secretary may prescribe, all or any part of such acreage to be devoted to sweet sorghum, or the production of guar, sesame, safflower, sunflower, rapeseed, castor beans, mustard seed, crambe, plantago ovato, flaxseed, triticale, rye, or other commodity, if the Secretary determines that such production is needed to provide an adequate supply of such commodities, is not likely to increase the cost of the price support program, and will not affect farm income adversely.

"(C) HAYING AND GRAZING.—(i) Except as provided in clause (ii) haying and grazing of acreage designated as conservation use acreage for the purpose of meeting any requirements established under an acreage limitation program (including a program conducted under subsection (c)(1)(B)), or land diversion program established under this section shall be permitted, except during any consecutive 5-month period that is established by the State committee established under section 8(b) of the Soil Conservation and Domestic Allotment Act (16 U.S.C. 590h(b)) for a State. Such 5-month period shall be established during the period beginning April 1, and ending October 31, of a year.

"(ii) In the case of a natural disaster, the Secretary may permit unlimited haying and grazing on such acreage.

"(4) LAND DIVERSION PROGRAM.—(A) PAYMENTS.—(i) The Secretary may make land diversion payments to producers of upland cotton, whether or not an acreage limitation program for upland cotton is in effect, if the Secretary determines that such land diversion payments are necessary to assist in adjusting the total national acreage of upland cotton to desirable goals. Such land diversion payments shall be made to producers who, to the extent prescribed by the Secretary, devote to approved conservation uses an acreage of cropland on the farm in accordance with land diversion contracts entered into by the Secretary with such producers.

"(ii) If, at the time of final announcement of the acreage limitation program established under this subsection, the projected carry-over of upland cotton for the crop year is equal to or greater than 8 million bales, the Secretary shall offer a paid land diversion program to producers of upland cotton. Payments to producers under such a program shall be determined by multiplying—

"(I) the payment rate, of not less than 35 cents per pound of cotton, established by the Secretary; by

"(II) the program payment yield established for the crop for the farm; by

"(III) the number of permitted upland cotton acres diverted on the farm.

"(B) BIDS FOR CONTRACTS.—The amounts payable to producers under land diversion contracts may be determined through the submission of bids for such contracts by producers in such manner as the Secretary may prescribe or through such other

means as the Secretary determines appropriate. In determining the acceptability of contract offers, the Secretary shall take into consideration the extent of the diversion to be undertaken by the producers and the productivity of the acreage diverted.

"(C) LIMITATION ON DIVERTED ACREAGE.—The Secretary shall limit the total acreage to be diverted under this paragraph—

"(i) to not more than 15 percent of the upland cotton crop acreage base for a farm; and

"(ii) under agreements in any county or local community so as not to affect adversely the economy of the county or local community.

The Secretary may allow producers to participate in a land diversion program under this paragraph at a level lower than the maximum level announced by the Secretary, at the option of the producer, if the Secretary determines that it will increase participation in such program.

"(5) WILDLIFE USES FOR REDUCED AND DIVERTED ACREAGE.—(A) IN GENERAL.—The reduced acreage and additional diverted acreage may be devoted to wildlife food plots or wildlife habitat in conformity with standards established by the Secretary in consultation with wildlife agencies.

"(B) COST SHARING.—The Secretary may pay an appropriate share of the cost of practices designed to carry out the purposes of subparagraph (A).

"(C) ENCOURAGEMENT OF PUBLIC ACCESS.—The Secretary may provide for an additional payment on such acreage in an amount determined by the Secretary to be appropriate in relation to the benefit to the general public if the producer agrees to permit, without other compensation, access to all or such portion of the farm, as the Secretary may prescribe, by the general public, for hunting, trapping, fishing, and hiking, subject to applicable State and Federal regulations.

"(6) PARTICIPATION AGREEMENTS.—(A) IN GENERAL.—An operator of a farm desiring to participate in the program conducted under this subsection shall execute an agreement with the Secretary providing for such participation not later than such date as the Secretary may prescribe.

"(B) MODIFICATION OR TERMINATION.—The Secretary may, by mutual agreement with producers on a farm, terminate or modify any such agreement if the Secretary determines such action necessary because of an emergency created by drought or other disaster or to prevent or alleviate a shortage in the supply of agricultural commodities.

"(f) ONE-HALF ACREAGE REDUCTION PROGRAM.—(1) IN GENERAL.—The Secretary may, for each of the 1991 through 1995 crops of upland cotton, make payments available to producers who meet the requirements of this subsection.

"(2) FORM OF PAYMENT.—Such payments may be—

"(A) made in the form of upland cotton owned by the Commodity Credit Corporation; or

"(B) made in such other form as the Secretary is authorized by law to make.

"(3) DETERMINATION OF PAYMENT.—(A) IN GENERAL.—Payments under this subsection shall be determined in the same manner as provided in subsection (b).

"(B) QUANTITY OF COTTON MADE AVAILABLE.—The quantity of upland cotton to be made available to a producer under this subsection shall be equal in value to the payments so determined under such subsection.

"(4) ELIGIBILITY.—A producer shall be eligible to receive a payment under this subsection for a crop if the producer—

"(A) agrees to forgo obtaining a loan under subsection (a);

"(B) agrees to forgo receiving payments under subsection (c);

"(C) does not plant upland cotton for harvest in excess of the crop acreage base reduced by one-half of any acreage required to be diverted from production under subsection (f); and

"(D) otherwise complies with this section.

"(g) EQUITABLE RELIEF.—(1) LOANS AND PAYMENTS.—If the failure of a producer to comply fully with the terms and conditions of the program formulated under this section precludes the making of loans and payments, the Secretary may, nevertheless, make such loans and payments in such amounts as the Secretary determines are equitable in relation to the seriousness of the failure. The Secretary may consider whether the producer made a good faith effort to comply fully with the terms and conditions of such program in determining whether equitable relief is warranted under this paragraph.

"(2) DEADLINES AND PROGRAM REQUIREMENTS.—The Secretary may authorize the county and State committees established under section 8(b) of the Soil Conservation and Domestic Allotment Act (16 U.S.C. 590h(b)) to waive or modify deadlines and other program requirements in cases in which lateness or failure to meet such other requirements does not affect adversely the operation of the program.

"(h) REGULATIONS.—The Secretary may issue such regulations as the Secretary determines necessary to carry out this section.

"(i) COMMODITY CREDIT CORPORATION.—The Secretary shall carry out the program authorized by this section through the Commodity Credit Corporation.

"(j) ASSIGNMENT OF PAYMENTS.—The provisions of section 8(g) of the Soil Conservation and Domestic Allotment Act (16 U.S.C. 590h(g)) (relating to assignment of payments) shall apply to payments under this section.

"(k) EQUITABLE SHARING OF PAYMENTS.—The Secretary shall provide for the sharing of payments made under this section for any farm among the producers on the farm on a fair and equitable basis.

"(l) TENANTS AND SHARECROPPERS.—The Secretary shall provide adequate safeguards to protect the interests of tenants and sharecroppers.

"(m) PROHIBITIONS.—(1) CROSS COMPLIANCE.—(A) IN GENERAL.—Compliance on a farm with the terms and conditions of any other commodity program or compliance with crop acreage base requirements for any other commodity may not be required as a condition of eligibility for loans or payments under this section.

"(B) CROP ACREAGE BASE INCREASES.—If a producer on a farm is participating in the cotton program under this section, the crop acreage base for any other commodity for the farm may not be increased if such commodity is produced on the farm in a manner that is not in compliance with—

"(i) the terms and conditions of the applicable commodity program for such commodity; or

"(ii) the crop acreage base requirements of the applicable commodity program for such commodity.

"(2) OFFSETTING COMPLIANCE.—The Secretary may not require producers on a farm, as a condition of eligibility for loans or payments under this section for such farm, to comply with the terms and conditions of the upland cotton program with respect to any other farm operated by such producers.

"(n) SPECIAL IMPORT QUOTA; 21 DAY'S MILL CONSUMPTION.—(1) DETERMINATION.—Whenever the Secretary determines that the average price of the base quality of upland cotton, as determined by the Secretary, in the designated spot markets for a month exceeded 130 percent of the average price of such quality of cotton in such markets for the preceding 36 months, notwithstanding any other provision of law, the President shall immediately establish and proclaim a special limited global import quota for upland cotton subject to the following conditions:

"(A) QUANTITY OF QUOTA.—The quantity of the special quota shall be equal to 21 days of domestic mill consumption of upland cotton at the seasonally adjusted average rate of the most recent 3 months for which data are available.

"(B) QUANTITY IN EVENT OF PRIOR QUOTA.—If a special quota has been established under this subsection during the preceding 12 months, the quantity of the quotas next established hereunder shall be the smaller of 21 days of domestic mill consumption calculated as set forth in subparagraph (A) or the quantity required to increase the supply to 130 percent of the demand.

"(C) DEFINITIONS.—As used in subparagraph (B):

"(i) The term 'supply' means, using the latest official data of the Bureau of the Census, the Department of Agriculture, and the Department of the Treasury—

"(I) the carry-over of upland cotton at the beginning of the marketing year (adjusted to 480-pound bales) in which the special quota is established; plus

"(II) production of the current crop; plus

"(III) imports to the latest date available during the marketing year.

"(ii) The term 'demand' means—

"(I) the average seasonally adjusted annual rate of domestic mill consumption in the most recent 3 months for which data are available; plus

"(II) the larger of either the average exports of upland cotton for the preceding 6 marketing years, or the cumulative exports of upland cotton plus outstanding export sales for the marketing year in which the special quota is established.

"(D) QUOTA ENTRY PERIOD.—When a special quota is established under this subsection, cotton may be entered under such quota during the 90-day period beginning on the effective date of the proclamation.

"(2) PROHIBITION.—Notwithstanding paragraph (1), a special quota period may not be established—

"(A) that overlaps an existing quota period; or

"(B) when a special quota period has been established under subsection (a)(5)(H).".

SEC. 102. SUSPENSION OF BASE ACREAGE ALLOTMENTS, MARKETING QUOTAS, AND RELATED PROVISIONS.

Sections 342, 343, 344, 345, 346, and 377 of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1342-1346 and 1377) shall not be applicable to any of the 1991 through 1995 crops of upland cotton.

SEC. 103. COMMODITY CREDIT CORPORATION SALES PRICE RESTRICTIONS.

Effective only with respect to the period beginning August 1, 1991, and ending July 31, 1996, the tenth sentence of section 407 of the Agricultural Act of 1949 (7 U.S.C. 1427) is amended by striking all of that sentence through the words "110 per centum of the loan rate, and (2)" and inserting the following: "Notwithstanding any other provision of law, (1) the Commodity Credit Corporation shall sell upland cotton for unrestricted use at the same prices as it sells upland cotton for export; such sales shall be made on a competitive bid basis, but in no event, however, at less than 115 percent of the lower of the loan rate or the loan repayment rate in effect for the week in which it is sold for the base quality of upland cotton, as determined by the Secretary, adjusted for such current market differentials reflecting grade, quality, location, and other value factors as the Secretary determines appropriate plus reasonable carrying charges, and (2)".

SEC. 104. NONAPPLICABILITY OF SECTION 103(a) OF THE AGRICULTURAL ACT OF 1949 TO THE 1991 THROUGH 1995 CROPS OF UPLAND COTTON.

Section 103(a) of the Agricultural Act of 1949 (7 U.S.C. 1444(a)) shall not be applicable to the 1991 through 1995 crops.

SEC. 105. SKIPROW PRACTICES.

Section 374(a) of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1374(a)) is amended by striking "1990 crops" and inserting "1995 crops. However, for the 1991 through 1995 crops, the rules shall allow 30 inch rows to be taken into account for classifying the acreage planted to cotton and the area skipped".

SEC. 106. PRELIMINARY ALLOTMENTS FOR 1996 CROP OF UPLAND COTTON.

Notwithstanding any other provision of law, the permanent State, county, and farm base acreage allotments for the 1977 crop of upland cotton, adjusted for any underplantings in 1977 and reconstituted as provided in section 379 of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1379), shall be the preliminary allotments for the 1996 crop.

SEC. 107. EXTRA LONG STAPLE COTTON.

Section 103(h) of the Agricultural Act of 1949 (7 U.S.C. 1444(h)) is amended—

(1) in paragraph (16)(B) by striking "each of the 1989 and 1990" and inserting "the 1989 and subsequent"; and

(2) in paragraph (16)(C) by striking "each of the 1987 through 1990" and inserting "the 1987 and subsequent"; and

(3) in paragraph (19) by striking "1991" and inserting "1996".

SEC. 108. ADJUSTMENT OF SUPPORT PRICES.

Section 403 of the Agricultural Act of 1949 (7 U.S.C. 1423) is amended to read as follows:

"SEC. 403. ADJUSTMENT OF SUPPORT PRICES.

"(a) CROPS OTHER THAN COTTON.—Appropriate adjustments may be made in the support price for any commodity except cotton for differences in grade, type, quality, location and other factors. Such adjustments shall, so far as practicable, be made in such manner that the average support price for such commodity will, on the basis of the anticipated incidence of such factors be equal to the level of support determined as provided in this Act.

"(b) COTTON.—Appropriate adjustments may be made in the support price for cotton for differences in quality factors and location. Beginning with the 1991 crop, the quality differences (premiums and discounts for quality factors) for the upland cotton loan program shall be established by the Secretary by giving equal weight to (1) loan differences for the preceding crop and (2) market differences for such crop in the designated United States spot markets.".

SEC. 109. COTTONSEED AND COTTONSEED OIL PRICE SUPPORT.

Effective only for the 1991 through 1995 crops of upland cotton, section 203 of the Agricultural Act of 1949 (7 U.S.C. 1446d) is amended to read as follows:

"SEC. 203. COTTONSEED AND COTTONSEED OIL PRICE SUPPORT.

"If the Secretary determines that any oilseed program or programs cause, or are likely to cause, a reduction in prices received by producers for cottonseed or by processors for cottonseed oil, the Secretary shall take such actions as are necessary to offset the actual or anticipated impact of such program on prices for cottonseed or cottonseed oil. Such actions shall only include actions to stabilize or increase the price of cottonseed, and shall not include actions to decrease the prices of other oilseeds.".

TITLE II—SUGAR

Subtitle A—Price Support and Marketing Allotments

SEC. 201. SUGAR PROGRAM EXTENSION.

(a) AMENDMENT TO THE AGRICULTURAL ACT OF 1949.—Effective only for the 1991 through 1995 crops of sugar beets and sugarcane, section 201 of the Agricultural Act of 1949 (7 U.S.C. 1446) is amended by—

(1) striking "honey, and milk" in the first sentence and inserting "honey, milk, sugar beets, and sugarcane"; and

(2) amending subsection (h) to read as follows:

"(h)(1) The price of each of the 1991 through 1995 crops of sugar beets and sugarcane, respectively, shall be supported in accordance with this subsection.

"(2)(A) The Secretary shall support the price of domestically grown sugarcane through nonrecourse loans at such level as the Secretary determines appropriate but not less than 18 cents per pound for raw cane sugar.

"(B) The Secretary may increase the support price for each of the 1991 through 1995 crops of domestically grown sugarcane and sugar beets from the price determined for the preceding crop based on such factors as the Secretary determines appropriate, including changes (during the 2 crop years immediately preceding the crop year for which the determination is made) in the cost of sugar products, the cost of domestic sugar production, and other circumstances that may adversely affect domestic sugar production.

"(C) If the Secretary makes a determination not to increase the support price under subparagraph (B), the Secretary shall submit a report containing the findings, decision, and supporting data for such determination to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate.

"(3) The Secretary shall support the price of each of the 1991 through 1995 crops of domestically grown sugar beets through nonrecourse loans at such level for each such crop as the Secretary determines to reflect—

"(A) an amount that bears the same relation to the support level for such crop of sugarcane under paragraph (2) as the weighted average of producer returns for sugar beets bears to the weighted average of producer returns for sugarcane, expressed on a cents per pound basis for refined beet sugar and raw cane sugar, for the most recent 5 year period for which data are available, plus

"(B) an amount that covers sugar beet processor fixed marketing expenses.

"(4) The Secretary shall announce the loan rate to be applicable during any fiscal year under this subsection as far in advance of the beginning of that fiscal year as is practicable consistent with the purposes of this subsection.

"(5) Loans under this subsection during any fiscal year shall be made available not earlier than the beginning of such fiscal year and shall mature at the earlier of—

"(A) the end of 9 months or

"(B) before the end of such fiscal year.

"(6) With respect to those sugar beet producing areas in which sugar beets normally are harvested during the last 3 months of a fiscal year, the Secretary shall make available, to each borrower under a loan made under this subsection during the last 3 months of the fiscal year on sugar processed from sugar beets so harvested, a supplementary nonrecourse loan in addition to the initial loan. In each case, the supplementary loan shall—

"(A) be made available to the borrower as of the first day of the following fiscal year;

"(B) be made at the same loan rate as the initial loan; and

"(C) mature in 9 months less the amount of time that the initial loan was in effect.".

(b) REPORT BY COMPTROLLER GENERAL.—The Comptroller General of the United States shall provide, not later than 12 months after the date of enactment of this Act, a report advising the Committee on Agriculture and the Committee on Ways and Means of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate on the progress the various agencies of the United States Government have made in addressing the concerns raised by the General Accounting Office in its official report, RCED-88-146, dated June 1988.

SEC. 202. INFORMATION REPORTING.

(a) DUTY TO REPORT.—All cane sugar refiners and sugar beet processors and all manufacturers of crystalline fructose from corn (hereinafter in this subtitle referred to as "crystalline fructose") shall furnish the Secretary of Agriculture (hereinafter in this subtitle referred to as the "Secretary"), on a monthly basis, such information as the Secretary may require with respect to such person's importation, distribution, and stock levels of sugar or crystalline fructose, respectively.

(b) PENALTY.—Any person willfully failing or refusing to furnish such information, or furnishing willfully any false information, shall be subject to a civil penalty of not more than $10,000 for each such violation.

(c) MONTHLY REPORTS.—Using the information received under subsection (a), the Secretary shall publish on a monthly basis composite data on imports, distribution, and stock levels of sugar and crystalline fructose.

SEC. 203. MARKETING ALLOTMENTS FOR SUGAR AND CRYSTALLINE FRUCTOSE.

(a) SUGAR ESTIMATES.—(1) IN GENERAL.—Before the beginning of each of the fiscal years 1992 through 1996, the Secretary shall estimate the amount of sugar that will be consumed in the United States during such fiscal year (other than sugar imported for purposes other than human consumption), and the amount of sugar that will be available from carryin stocks or from domestically-produced sugarcane and sugar beets for consumption in the United States during such year. The Secretary shall also estimate the amount of sugar that will be imported for such consumption during such year (other than sugar imported for purposes other than human consumption), based on the difference between the amount of estimated consumption and the amount of sugar estimated to be available from domestically-produced sugarcane, sugar beets and carryin stocks.

(2) QUARTERLY REESTIMATES.—The Secretary shall make quarterly reestimates of sugar consumption, availability, and imports for a fiscal year no later than the beginning of each of the second through fourth quarters of such fiscal year.

(b) SUGAR ALLOTMENTS.—For any fiscal year in which the Secretary estimates, under subsection (a), that imports of sugar for consumption in the United States will be less than 1,250,000 short tons, raw value, the Secretary shall establish for that year appropriate allotments under section 204 for the marketing by processors of sugar processed from domestically-produced sugarcane and sugar beets in a manner that is fair, efficient, and equitable to producers, processors, and refiners, at a level that the Secretary estimates will result in imports of sugar of not less that 1,250,000 short tons, raw value, for that year.

(c) CRYSTALLINE FRUCTOSE ALLOTMENTS.—In general, for any fiscal year in which the Secretary establishes allotments for the marketing of sugar under section 204, the Secretary shall establish for that year appropriate allotments for the marketing by manufacturers of crystalline fructose manufactured from corn, at a level not to exceed the equivalent of 200,000 tons of sugar, raw value, during such fiscal year, in a manner that is fair, efficient, and equitable to manufacturers.

(d) PROHIBITION.—(1) SUGAR.—(A) EXCEEDING ALLOCATION.—At any time allotments are in effect and allocated to processors under section 205, the total of—

(i) the amount of sugar marketed by a processor plus

(ii) the amount of sugar pledged as collateral for a price support loan under section 201 of the Agricultural Act of 1949 (7 U.S.C. 1446)

shall not exceed the amount of the allocation of the allotment made to such processor.

(B) EXCEPTIONS.—Subparagraph (A) shall not apply—

(i) to the marketing during a fiscal year of sugar pledged in that fiscal year as collateral for a price support loan under section 201 of the Agricultural Act of 1949 (7 U.S.C. 1446) after such sugar has been subsequently redeemed; or

(ii) any sale of sugar by a sugar beet processor to another sugar beet processor made to enable such other sugar beet processor to fulfill the amount of the allocation of the allotment made to such other processor.

(2) CRYSTALLINE FRUCTOSE.—At any time crystalline fructose allotments are in effect for manufacturers under subsection (c), no manufacturer may exceed the al-

lotment made to it. No restrictions or allotments shall be established on the marketings of any liquid fructose.

(3) CIVIL PENALTY.—Any processor who violates paragraph (1) or manufacturer who violates paragraph (2) shall be liable to the Commodity Credit Corporation for a civil penalty in an amount equal to 3 times the U.S. market value, at the time of the commission of the violation, of that quantity of sugar or crystalline fructose involved in the violation.

(4) DEFINITION OF MARKET.—For purposes of this subtitle, the term "market" shall mean to sell or otherwise dispose of in commerce in the United States.

SEC. 204. ESTABLISHMENT OF MARKETING ALLOTMENTS.

The Secretary shall establish marketing allotments for sugar for any fiscal year in which such allotments are required under section 203(b) as follows:

(1) The Secretary shall establish the overall quantity of sugar to be allotted for such fiscal year (hereafter in this subtitle referred to as the "overall allotment amount") by deducting from the estimated sugar consumption for such fiscal year, as determined under section 203(a)—

(A) 1,250,000 short tons, raw value (representing minimum imports of sugar for consumption in the United States during such fiscal year), and

(B) carryin stocks of sugar, including sugar in Commodity Credit Corporation inventory.

The Secretary shall adjust the overall allotment amount to the maximum extent practicable to prevent the accumulation of sugar acquired by the Commodity Credit Corporation.

(2) The overall allotment amount for the fiscal year shall be allotted among—

(A) sugar derived from sugar beets; and

(B) sugar derived from sugarcane.

(3)(A) The Secretary shall establish percentage factors for the overall beet sugar and cane sugar allotments applicable for a fiscal year. The Secretary shall establish such percentage factors in a fair and equitable manner on the basis of past marketings of sugar (considering for such purposes the marketings of sugar processed from sugarcane and sugar beets of any or all of the 1985 through 1989 crops), processing and refining capacity, and the ability of processors to market the sugar covered under the allotments.

(B) The Secretary shall publish these percentage factors in the Federal Register, along with a description of the Secretary's reasons for establishing the factors, as provided in section 202(c).

(4) The marketing allotment for sugar derived from sugarcane and the marketing allotment for sugar derived from sugar beets for a fiscal year, in each case, shall be an amount equal to the product of multiplying the overall allotment amount for the fiscal year by the percentage established by the Secretary under paragraph (3)(A) for such allotment.

(5) The allotment for sugar derived from sugarcane shall be further allotted among the four States in the United States in which sugarcane is produced, and Puerto Rico (hereafter in this subtitle the term "State" shall include Puerto Rico), in a fair and equitable manner on the basis of past marketings of sugar (considering for such purposes the average of marketings of sugar processed from sugarcane in the 2 highest years of production from each State from the 1985 through 1989 crops), processing and refining capacity, and the ability of processors to market the sugar covered under the allotments.

(6)(A) The Secretary shall, based on reestimates under section 203(a)(2), adjust upward or downward marketing allotments established under paragraphs (1) through (5) in a fair and equitable manner, or suspend such allotments, as the Secretary determines appropriate, to reflect changes in estimated sugar consumption, availability, or imports.

(B) In the case of any increase or decrease in an allotment, each allocation to a processor of the allotment under section 205, and each proportionate share established with respect to the allotment under section 207(b), shall be increased or decreased by the same percentage that the allotment is increased or decreased.

(C) Whenever a marketing allotment for a fiscal year is required to be reduced during such fiscal year under this paragraph—

(i) if the amount of the sugar marketed, including pledged as collateral for a price support loan under section 201 of the Agricultural Act of 1949 (7 U.S.C. 1446), for such fiscal year at the time of such reduction under the allotment by all processors covered by the allotment exceeds the reduced allotment, the amount of the excess sugar marketed shall be deducted—

(I) if beet sugar is involved, from the marketing allotment, if any, next established for beet sugar, or

(II) if cane sugar is involved, from the marketing allotment next established for the State; and

(ii) if the amount of sugar marketed, including pledged as collateral for a price support loan under section 201 of the Agricultural Act of 1949 (7 U.S.C. 1446), for such fiscal year at the time of the reduction by any individual processor covered by the allotment exceeds the processor's allocation, the amount of the excess sugar marketed shall be deducted from the allocation of an allotment, if any, next established for the processor.

(7) Except as otherwise provided in section 206, each marketing allotment of sugarcane established under this section may only be filled with sugar processed from domestically grown sugarcane, and each marketing allotment of sugar beets established under this section may only be filled with sugar processed from domestically grown sugar beets.

SEC. 205. ALLOCATION OF MARKETING ALLOTMENTS.

(a) IN GENERAL.—(1) ALLOCATION TO PROCESSORS.—Whenever marketing allotments are established for a fiscal year under section 204, in order to afford all interested persons an equitable opportunity to market sugar processed under an allotment, the Secretary shall allocate each such allotment among the processors covered by the allotment.

(2) HEARING AND NOTICE.—(A) CANE SUGAR.—The Secretary shall make allocations for cane sugar after such hearing and on such notice as the Secretary by regulation may prescribe, in such manner and in such quantities as to provide a fair, efficient, and equitable distribution of such allocations by taking into consideration processing capacity, past marketings of sugar, and the ability of each processor to market sugar covered by that portion of the allotment allocated. Each such allocation shall be subject to adjustment under section 204(6)(B).

(B) BEET SUGAR.—The Secretary shall make allocations for beet sugar after such hearing and on such notice as the Secretary by regulation may prescribe, in such manner and in such quantities as to provide a fair, efficient, and equitable distribution of such allocations by taking into consideration processing capacity, past marketings of sugar (considering for such purposes the marketings of sugar processed from sugar beets of any or all of the 1985 through 1989 crops), and the ability of each processor to market sugar covered by that portion of the allotment allocated. Each such allocation shall be subject to adjustment under section 204(6)(B).

(b) FILLING CANE SUGAR ALLOTMENTS.—Except as otherwise provided in section 206, the marketing allotment established for cane sugar under this subtitle for a fiscal year may be filled only with sugar processed from sugarcane grown in the State covered by the allotment.

SEC. 206. ASSIGNMENTS OF DEFICITS.

(a) ESTIMATES OF MARKETING.—At any time allotments are in effect under this subtitle, the Secretary, from time to time, shall determine whether (in view of then-current inventories of sugar, the estimated production of sugar and expected marketings, and other pertinent factors) processors of sugarcane in each State covered by an allotment will be able to market the sugar covered by the allotment applicable to them and whether processors of sugar beets will be able to market sugar covered by the portion of the beet sugar allotment applicable to them.

(b) REASSIGNMENT OF DEFICITS.—(1) CANE SUGAR.—If the Secretary determines that the sugarcane processors subject to a State allotment will be unable to market the State's allotment for the fiscal year—

(A) the Secretary first shall reassign the estimated quantity of the deficit proportionately to the allotments for other cane sugar States, depending on the capacity of each other State to fill the portion of the deficit to be assigned to it, with such reassigned amount to each State to be allocated among processors in that State in proportion to the allocations of such processors; and

(B) if after such reassignments, the deficit cannot be completely eliminated, the Secretary shall reassign the remainder to imports.

(2) BEET SUGAR.—If the Secretary determines that a sugar beet processor subject to an allotment will be unable to market that allotment—

(A) the Secretary first shall reassign the estimated quantity of the deficit proportionately to the allotments for other sugar beet processors, depending on the capacity of each other processor to fill the portion of the deficit to be assigned to it; and

(B) if after such reassignments, the deficit cannot be completely eliminated, the Secretary shall reassign the remainder to imports.

(3) CORRESPONDING INCREASE.—The allocation of each processor receiving a reassigned amount of an allotment under this subsection for a fiscal year shall be increased to reflect such reassignment.

SEC. 207. PROVISIONS APPLICABLE TO PRODUCERS.

(a) PROCESSOR ASSURANCES.—Whenever allotments for a fiscal year are allocated to processors under section 205, the Secretary shall obtain from the processors such assurances as the Secretary deems adequate that the allocation will be shared among producers served by the processor in a fair and equitable manner that adequately reflects producers' production histories. Any dispute between a processor and a producer, or group of producers, with respect to the sharing of the processor's allocation shall be resolved through arbitration by the Secretary on the request of either party.

(b) PROPORTIONATE SHARES OF CERTAIN ALLOTMENTS.—(1) IN GENERAL.—(A) STATES AFFECTED.—In any case in which a State allotment is established under section 204(5) and there are in excess of 250 producers in the State to which it applies, the Secretary shall make a determination under subparagraph (B).

(B) DETERMINATION.—The Secretary shall determine, for each State allotment described in subparagraph (A), whether the production of sugar, in the absence of proportionate shares, will be greater than the quantity needed to enable processors to fill the allotment and provide a normal carryover inventory.

(2) ESTABLISHMENT OF PROPORTIONATE SHARES.—If the Secretary determines that the amount of sugar processed from all crops by all processors covered by a State allotment for a fiscal year will be in excess of the quantity needed to enable processors to fill the allotment for such fiscal year and provide a normal carryover inventory, the Secretary shall establish proportionate shares for the crop of sugarcane that is harvested during the fiscal year the allotment is in effect as provided in this subsection. Each such proportionate share shall be subject to adjustment under section 204(6)(B).

(3) METHOD OF DETERMINING.—For purposes of determining proportionate shares for any crop of sugarcane—

(A) The Secretary shall convert the State allotment for the fiscal year involved into a State acreage allotment for the crop by dividing the State allotment by the per-acre yield goal for the State, as established under subparagraph (B).

(B) The Secretary shall establish the State's per-acre yield goal for a crop at a level (not less than the average per-acre yield in the State for the preceding 5 years, as determined by the Secretary) that will ensure an adequate net return per pound to producers in such State, taking into consideration any available production research data that the Secretary deems relevant.

(C) The Secretary shall establish a uniform reduction percentage for the crop by dividing the State acreage allotment, as determined for such crop under subparagraph (A), by the number of acres in the State that the Secretary estimates would otherwise be harvested for the production of such crop of sugarcane.

(D) The uniform reduction percentage for such crop, as determined under subparagraph (C), shall be applied to the acreage base for each farm covered by the State allotment to determine the farm's proportionate share for the crop.

(4) ACREAGE BASE.—For purposes of this subsection, the acreage base for each sugarcane-producing farm shall be determined by the Secretary, as follows:

(A) The acreage base for any crop shall be the weighted average number of acres on the farm on which sugarcane was harvested for sugar or seed during each of the 5 preceding crops.

(B) In weighting past production of sugarcane, the 5 crops being considered shall be given the following weights:

Past crop	Weight factor
Most recent preceding crop	1
Second most recent preceding crop	2
Third most recent preceding crop	3
Fourth most recent preceding crop	4
Fifth most recent preceding crop	5

(C) Acreage that producers on a farm were unable to harvest to sugarcane for sugar or seed because of drought, flood, other natural disaster, or other condition beyond the control of the producers shall be considered as harvested to sugarcane for sugar or seed for purposes of this paragraph.

(5) VIOLATION.—(A) IN GENERAL.—Whenever proportionate shares are in effect in a State for a crop of sugarcane, no producer in the State knowingly may harvest for sugar or seed an acreage of sugarcane of such crop in excess of the farm's proportionate share for the crop or otherwise violate proportionate share regulations issued by the Secretary under section 209(a).

(B) CIVIL PENALTY.—Any producer who violates subparagraph (A) shall be liable to the Commodity Credit Corporation for a civil penalty in an amount equal to 3 times the United States market value, at the time of the commission of the violation, of that quantity of sugar involved in the violation. The quantity of sugar involved shall be determined based on the per-acre yield goal established under paragraph (3).

(6) WAIVER.—Notwithstanding the preceding subparagraph, the Secretary may authorize the county and State committees established under section 8(b) of the Soil Conservation and Domestic Allotment Act to waive or modify deadlines and other proportionate share requirements in cases in which lateness or failure to meet such other requirements does not affect adversely the operation of proportionate shares.

SEC. 208. SPECIAL RULES.

(a) TRANSFER OF PRODUCTION HISTORY.—For the purpose of establishing proportionate shares for producers under section 207, the Secretary, on application of any producer, may transfer the production history of land owned, operated, or controlled by such producers to any other parcels of land of such applicant.

(b) RESERVATION OF PRODUCTION HISTORY.—If for reasons beyond the control of the owner of a farm, the owner is unable to use all or a portion of the proportionate share established for the farm under section 207, the Secretary may reserve for a period of not more than 3 consecutive years the production history of such farm to the extent of the proportionate share involved. Such proportionate share may be redistributed to other farm owners or operators, but no production history shall accrue to such other farm owners or operators, by virtue of such redistribution of the proportionate share so redistributed.

(c) REVISIONS OF ALLOCATIONS AND PROPORTIONATE SHARES.—The Secretary, after such hearing and notice as the Secretary by regulation may prescribe, may revise or amend any allocation of a marketing allotment under section 205, or any proportionate share established for a farm under section 207, on the same basis as the initial allocation or proportionate share was established.

SEC. 209. REGULATIONS; VIOLATIONS; PUBLICATION OF SECRETARY'S DETERMINATIONS; JURISDICTION OF THE COURTS; U.S. ATTORNEYS.

(a) REGULATIONS.—(1) IN GENERAL.—The Secretary shall issue such regulations as may be necessary to carry out the powers vested in the Secretary in administering the marketing allotment program under this subtitle.

(2) PRIOR CONSULTATIONS REQUIRED.—In addition to taking such other action as may be required under section 551 through 559 of title 5, United States Code, prior to proposing any regulations under paragraph (1), the Secretary shall consult with representatives of domestic sugar processors and producers with regard to ensuring that such regulations achieve the objectives of this subtitle. The results of such consultations shall be published in the Federal Register, along with the proposed regulations.

(b) VIOLATION.—Any person knowingly violating any regulation of the Secretary issued under subsection (a) shall be subject to a civil penalty of not more than $5,000 for each violation.

(c) PUBLICATION IN FEDERAL REGISTER.—Each determination issued by the Secretary to establish, adjust or suspend allotments under this subtitle shall be promptly published in the Federal Register and shall be accompanied by a statement of the reasons for such determination

(d) JURISDICTION OF COURTS; UNITED STATES ATTORNEYS.—(1) The several district courts of the United States are vested with jurisdiction specifically to enforce, and to prevent and restrain any person from violating, this subtitle or any regulation issued thereunder.

(2) Whenever the Secretary shall so request, it shall be the duty of the several United States attorneys, in their respective districts, to institute proceedings to enforce the remedies and to collect the penalties and forfeitures provided for in this subtitle. The Secretary may elect not to refer to a United States attorney any violation of this subtitle or regulation when the Secretary determines that the administration and enforcement of this subtitle would be adequately served by written notice or warning to any person committing the violation.

(e) NONEXCLUSIVITY OF REMEDIES.—The remedies and penalties provided for in this subtitle shall be in addition to, and not exclusive of, any remedies or penalties existing at law or in equity.

SEC. 210. APPEALS.

(a) IN GENERAL.—An appeal may be taken to the Secretary from any decision under section 205 establishing allocations of marketing allotments, or under section 207, by any person adversely affected by reason of any such decision.

(b) PROCEDURE.—Any such appeal shall be taken by filing with the Secretary, within 20 days after the decision complained of is effective, notice in writing of the appeal and a statement of the reasons therefor. Unless a later date is specified by the Secretary as part of the Secretary's decision, the decision complained of shall be considered to be effective as of the date on which announcement of the decision is made. The Secretary shall deliver a copy of any notice of appeal to each person shown by the records of the Secretary to be adversely affected by reason of the decision appealed, and shall at all times thereafter permit any such person to inspect and make copies of appellant's reasons for the appeal and shall on application permit such person to intervene in the appeal. The Secretary shall provide each appellant an opportunity for a hearing. The Secretary shall appoint an administrative law judge to conduct a hearing on the record on each appeal under this section. In all other respects, each appeal under this section shall be subject to the provisions of section 551 through 559, and 701 through 706, of title 5, United States Code.

SEC. 211. ADMINISTRATION.

(a) USE OF CERTAIN AGENCIES.—In carrying out the provisions of sections 202 through 210 of this subtitle, the Secretary may use the services of local committees of sugar beet or sugarcane producers, sugarcane processors, or sugar beet processors, State and county committees established under section 8(b) of the Soil Conservation and Domestic Allotment Act, and the departments and agencies of the United States Government.

(b) USE OF COMMODITY CREDIT CORPORATION.—The Secretary shall use the services, facilities, funds, and authorities of the Commodity Credit Corporation to carry out the provisions of sections 202 through 210 of this subtitle.

Subtitle B—Sugar for Re-Export

SEC. 221. DEFINITIONS.

For purposes of this subtitle, the term—

(1) "Corporation" shall mean the Commodity Credit Corporation.

(2) "eligible country" shall mean—

(A) any country whose per capita gross national product was less than $1500 in 1987 if such country received an allocation under Additional United States Note 3. (c)(i) of chapter 17 of the Harmonized Tariff Schedule of the United States as of April 1, 1990; and

(B) any beneficiary country, as defined in section 212 of the Caribbean Basin Economic Recovery Act (19 U.S.C. 2702).

(3) "market" means to sell or otherwise dispose of in commerce.

(4) "processor" shall mean any person engaged in the processing of—

(A) sugarcane to produce raw cane sugar;

(B) sugar beets; or

(C) corn to produce a corn sweetener.

(5) "program" shall mean the special sugar re-export program required to be established and implemented pursuant to section 222.

(6) "Secretary" shall mean the Secretary of Agriculture.

(7) "United States" shall consist of each of the States, the District of Columbia, and Puerto Rico.

SEC. 222. ESTABLISHMENT OF PROGRAM.

(a) IN GENERAL.—(1) The Secretary, in accordance with the provisions of this subtitle, shall establish and implement a special sugar re-export program for sugar imported from eligible countries. Such program shall be operated—

(A) during each of the fiscal years 1992 through 1996, as required under paragraph (2); and

(B) using the funds and facilities of the Corporation.

(2)(A) Subject to the limitation under subsection (b), the program shall be implemented for a fiscal year whenever the Secretary determines that imports of sugar into the United States for domestic human consumption during such fiscal year will be less than 1,700,000 short tons, raw value. The Secretary shall make such determination for a fiscal year, and publish such determination in the Federal Register, not later than 30 days prior to the beginning of such fiscal year.

(B) In implementing the program for a fiscal year, the Secretary shall ensure, to the extent practicable, if funds are available for such purpose under section 225 and there are acceptable bids, that there is imported and re-exported during such fiscal year under the program a quantity of sugar that, when combined with the quantity

of sugar otherwise imported into the United States for domestic human consumption during such fiscal year, will cause the total quantity of sugar imported into the United States during such fiscal year to be 1,750,000 short tons. In no event may the quantity imported and re-exported under the program for the fiscal year be less than 100,000 short tons, raw value, or more than 500,000 short tons, raw value, subject to such availability of funds and acceptable bids.

(b) LIMITATION.—The program implemented for a fiscal year shall be suspended whenever the Secretary determines that the 10-day moving average future price for raw cane sugar under the Number 11 contract, New York basis (or successor contract), of the closest trading month equals or exceeds the current national average loan rate for raw cane sugar, as established under section 201(h) of the Agricultural Act of 1949. The program shall remain in suspension until such time as the 10-day moving average Number 11 or successor contract price, as determined under the preceding sentence, falls below such national average loan rate. Any such suspension shall not affect any bid already accepted by the Secretary under the program. If the Number 11 or successor contract price is not available, the Secretary may use an equivalent price, as determined by the Secretary.

SEC. 223. IMPORTS OF SUGAR.

(a) PAYMENTS.—(1) The Corporation shall make payments available under the program each fiscal year, as provided in section 222, in connection with the importation of sugar from eligible countries. Such payments for a fiscal year shall be—

(A) made out of the fund established under section 225(d); and

(B) in a total amount not to exceed the amount of funds available in such fund at the beginning of the fiscal year, less administrative expenses.

(2) The payment to any sugar processor, operator, or refiner for an importation under the program shall be—

(A) in an amount determined on a competitive bid basis; and

(B) in an amount determined by the Secretary to be sufficient to permit the payment of the premium specified in subsection (b) and the re-exportation of an equivalent quantity of sugar under this subtitle.

(3) For purposes of ranking bids received from sugar processors, operators, and refiners, the Secretary shall make appropriate adjustments in such bids to reflect differing transportation costs based on refinery and factory location.

(b) PREMIUM.—The Secretary shall ensure that the price paid for the sugar imported into the United States to the person exporting the sugar to the United States under the program reflects a premium above the world market price, as determined by the Secretary, equal to the lesser of—

(1) 7 cents per pound, or

(2) the current national average loan rate for raw cane sugar, as established under section 201(h) of the Agricultural Act of 1949, less the world market price (but in no event less than zero), where such difference is computed as of the time of the bid.

(c) EXEMPTION.—Imports of sugar from an eligible country under the program shall be exempt from any provision of law restricting the importation of sugar and shall not be included in determining the amount of any sugar imported for purposes of any such law.

(d) PRORATION.—The Secretary shall prorate imports under the program among eligible countries based on those countries' share of total imports of sugar to the United States during a previous representative period, taking into consideration any special factors that may have affected or be affecting such trade.

SEC. 224. EXPORTS OF SUGAR.

The Secretary shall ensure that, no later than 60 days after a quantity of sugar is imported under the program, an equivalent quantity has been exported under the program.

SEC. 225. MARKETING CERTIFICATES.

(a) IN GENERAL.—Effective for each of the fiscal years 1991 through 1995, no processor may market in the United States any sugar or fructose sweetener processed by such processor unless such processor has a marketing certificate for such sugar or fructose sweetener under this section.

(b) PURCHASE OF CERTIFICATES.—A processor shall acquire each marketing certificate by purchase from the Corporation. The price of each such certificate shall be an amount computed by multiplying the pounds of sugar or equivalent amount of fructose sweetener covered by the certificate by a uniform per pound rate that the Secretary determines will ensure that the total amount collected from certificates purchased during the fiscal year will equal—

(1) one-third cent times the number of pounds of sugar or equivalent amount of fructose sweetener the Secretary estimates will be marketed from domestic sources during such fiscal year, minus

(2) any amount in the fund established under subsection (d) as of the beginning of the fiscal year.

In no event may the price of any certificate exceed one-third cent per pound for each pound of sugar or equivalent amount of fructose sweetener covered by the certificate.

(c) NON-TRANSFERABILITY OF CERTIFICATES.—Marketing certificates under this section may not be transferred.

(d) PROCEEDS FROM SALE.—The Corporation shall establish a separate interest-bearing fund into which it shall deposit the proceeds from all sales of marketing certificates under this section. Such fund may be used only to make payments under section 223 or to pay the administrative costs of operating the program.

(e) REMAINING FUNDS.—Any money remaining in the fund established under subsection (d) after all re-export agreements under the program have been honored shall be available for use in any successor program or, if no successor program is in effect when such agreements have been honored, shall be covered into the general account of the Corporation.

SEC. 226. REGULATIONS.

(a) REQUIREMENT.—The Secretary shall promulgate, after notice and an opportunity for public comment, regulations to implement this subtitle. Such regulations shall require, among other things, that—

(1) a certification be provided from an appropriate agency of the government of the eligible country exporting sugar to the United States that the exporter of the sugar was paid the premium under section 223 for the sugar; and

(2) a performance bond be provided to the Corporation with respect to the importation of sugar under this subtitle, in an amount equal to the value of a quantity of refined sugar equivalent to the corresponding quantity of sugar imported under this subtitle, conditioned on the export of sugar from the United States in accordance with the provisions of this subtitle.

(b) DEADLINE FOR ISSUANCE.—The Secretary shall issue proposed regulations to implement this subtitle no later than 180 days after the date of enactment of this Act.

SEC. 227. RECORDS AND REPORTS.

This section shall apply to all persons required to obtain marketing certificates pursuant to section 225 and to all persons importing sugar or exporting sugar under the program. Any such person shall keep such records and, from time to time on request of the Secretary, report to the Secretary such information, as the Secretary finds to be necessary to enable the Secretary to carry out the provisions of this subtitle. Such information shall be reported and such records shall be kept in such manner as the Secretary shall prescribe. The Secretary is authorized to examine such books, records, accounts, or any other documents as the Secretary has reason to believe are relevant and are within the control of any such person for purposes of implementing this subtitle.

SEC. 228. ENFORCEMENT.

(a) CIVIL PENALTIES.—The Program Fraud Civil Remedies Act of 1986 (31 U.S.C. 3801 et seq.) shall be applicable to the program carried out pursuant to subtitle B.

(b) CRIMINAL PENALTIES.—Any person who knowingly violates or attempts to violate or who knowingly participates or aids in the violation of any provision of this subtitle or of any regulation issued under the authority of this subtitle or who knowingly fails to make any report or keep any records as required by this subtitle shall be deemed guilty of a misdemeanor and upon conviction thereof shall be subject to a fine of not more than $5,000 for each violation.

Subtitle C—Miscellaneous

SEC. 231. SUGARCANE DISASTER ASSISTANCE.

(a) 1990 CROP.—Effective only for the 1990 crop of sugarcane, section 201(k)(2) of the Agricultural Act of 1949 (7 U.S.C. 1446(k)(2)) is amended by—

(a) inserting "(A)" after "(2)"; and

(2) inserting the following subparagraph:

"(B) If, because of frost, freeze, or related condition in 1989 constituting a major disaster or emergency declared by the President in the State of Louisiana under the

Disaster Relief Act of 1974 (42 U.S.C. 5121 et seq.), the total quantity of the 1990 crop of sugarcane that the producers are able to harvest on any farm is less than—

"(1) 60 percent of the county average yield, as determined by the Secretary of Agriculture, for such crop, multiplied by

"(2) the acreage planted for harvest to such crop, the Secretary shall make a reduced yield disaster payment to the producers at a rate equal to 50 percent of the loan level for the crop for the deficiency in production greater than percent for the crop. The Secretary shall ensure that no producer receives duplicative payments under this subsection.".

(b) 1989 CROP CLARIFICATION.—(1) DETERMINATION.—Section 103 of the Disaster Assistance Act of 1989 (7 U.S.C. 1421 note) is amended by adding at the end the following new subsection:

"(f) SPECIAL RULE FOR SUGARCANE.—For purposes of determining the total quantity of the 1989 crop of sugarcane that the producers on a farm are able to harvest, the Secretary shall make the determination based on the quantity of recoverable sugar.".

(2) DEADLINE.—Section 152(a)(2) of the Disaster Assistance Act of 1989 (7 U.S.C. 1421 note) is amended by adding at the end the following: "In the case of producers described in section 103(f), the Secretary shall permit such producers to apply for assistance no later than January 15, 1991 and shall, in the case of applications received prior to the date of enactment of the Food and Agricultural Resources Act of 1990, re-compute in accordance with section 103(f) the amount of any assistance due no later than 90 days after such date of enactment.".

SEC. 232. REPORTS ON QUOTA ALLOCATIONS TO COUNTRIES IMPORTING SUGAR.

Section 902(c) of the Food Security Act of 1985 (7 U.S.C. 1446 note) is amended by inserting "(1)" after "(c)" and inserting the following new paragraph:

"(2)(A) Effective 90 days after the date of enactment of the Food and Agricultural Resources Act of 1990 and by August 1 of each year thereafter through 1995, the Secretary of Agriculture shall report to the President and the Congress the extent, if any, of sugar imports from the country named in paragraph (1) by the countries described in paragraph (1).

"(B) Commencing with the quota year for sugar imports after the 1990–1991 quota year, the President shall report to the Congress by January 1 the identity of the countries that are net importers of sugar derived from sugarcane or sugar beets who have a quota for the current quota year, the identity of such countries who have verified that they do not import for reexport to the United States any sugar produced in the country named in paragraph (1), and the action, if any, taken by the President with respect to countries reported by the Secretary of Agriculture as net importers of sugar derived from sugarcane or sugar beets who imported such sugar from the country named in paragraph (1) who reexported such sugar to the United States during the previous quota year under a sugar quota allocation.".

TITLE III—RICE

SEC. 301. LOAN RATES, TARGET PRICES, DISASTER PAYMENTS, ACREAGE LIMITATION PROGRAM, AND LAND DIVERSION FOR THE 1991 THROUGH 1995 CROPS OF RICE.

Effective only for the 1991 through 1995 crops of rice, the Agricultural Act of 1949 is amended by inserting after section 101A (7 U.S.C. 1441-1) the following new section:

"SEC. 101B. (a) LOANS AND PURCHASES.—(1) IN GENERAL.—Except as provided in paragraph (2), the Secretary shall make available to producers nonrecourse loans and purchases for each of the 1991 through 1995 crops of rice at a level that is not less than the higher of—

"(A) 85 percent of the simple average price received by producers, as determined by the Secretary, during the marketing years for the immediately preceding 5 crops of rice, excluding the year in which the average price was the highest and the year in which the average price was the lowest in such period; or

"(B) $6.50 per hundredweight.

"(2) LIMITATION ON DECREASE IN LOAN LEVEL.—The loan level for any crop of rice determined under paragraph (1) may not be reduced by more than 5 percent from the level determined for the preceding crop.

"(3) ANNOUNCEMENT OF LOAN LEVEL AND ESTABLISHED PRICE.—The loan and purchase level and the established price for each of the 1991 through 1995 crops of rice

shall be announced not later than January 31 of each calendar year for the crop harvested in such calendar year.

"(4) LENGTH OF TERMS OF NONRECOURSE LOANS.—A loan made under this section shall have a term of not more than 9 months beginning after the month in which the application for the loan is made.

"(5) MARKETING LOAN.—(A) IN GENERAL.—The Secretary shall permit a producer to repay a loan made under paragraph (1) for a crop at a level that is the lesser of—

"(i) the loan level determined for such crop; or

"(ii) the higher of—

"(I) the loan level determined for such crop multiplied by 70 percent; or

"(II) the prevailing world market price for rice, as determined by the Secretary.

"(B) DETERMINATION OF PREVAILING WORLD MARKET PRICE.—The Secretary shall prescribe by regulation—

"(i) a formula to define the prevailing world market price for rice; and

"(ii) a mechanism by which the Secretary shall announce periodically the prevailing world market price for rice.

"(C) PRODUCER PURCHASE OF NEGOTIABLE MARKETING CERTIFICATES.—(i) As a condition of permitting a producer to repay a loan as provided in subparagraph (A), the Secretary may require a producer to purchase marketing certificates equal in value to an amount that does not exceed one-half the difference, as determined by the Secretary, between the amount of the loan obtained by the producer and the amount of the loan repayment. Such certificates shall be negotiable.

"(ii) Such certificates shall be redeemable for agricultural commodities or products thereof owned by the Commodity Credit Corporation valued at the prevailing market price, as determined by the Secretary.

"(iii) The Commodity Credit Corporation, under regulations prescribed by the Secretary, shall assist any person receiving marketing certificates under this subparagraph in the redemption or marketing of such certificates. Insofar as practicable, the Secretary shall permit an owner of a certificate to designate the storage facility at which such owner would prefer to receive agricultural commodities or products thereof in exchange for such certificate.

"(iv) If any such certificate is not presented for redemption or marketing within a reasonable number of days after issuance, as determined by the Secretary, reasonable costs of storage and other carrying charges, as determined by the Secretary, shall be deducted from the value of the certificate for the period beginning after such reasonable number of days and ending with the date of the presentation of such certificate to the Commodity Credit Corporation.

"(6) SIMPLE AVERAGE PRICE DETERMINATION.—For purposes of this section, the simple average price received by producers for the immediately preceding marketing year shall be based on the latest information available to the Secretary at the time of the determination.

"(b) PAYMENTS FOR FORGOING LOAN OR PURCHASE.—(1) IN GENERAL.—The Secretary shall, for each of the 1991 through 1995 crops of rice, make payments available to producers who, although eligible to obtain a loan or purchase agreement under subsection (a), agree to forgo obtaining such loan or agreement in return for such payments.

"(2) COMPUTATION.—A payment under this subsection shall be computed by multiplying—

"(A) the loan payment rate; by

"(B) the quantity of rice the producer is eligible to place under loan.

"(3) QUANTITY ELIGIBLE.—For purposes of this subsection, the quantity of rice eligible to be placed under loan may not exceed the product obtained by multiplying—

"(A) the individual farm program acreage for the crop; by

"(B) the actual yield per harvested acre for the farm.

"(4) LOAN PAYMENT RATE.—For purposes of this subsection, the loan payment rate shall be the amount by which—

"(A) the loan level determined for such crop under subsection (a); exceeds

"(B) the level at which a loan may be repaid under subsection (a).

"(5) PAYMENT IN NEGOTIABLE MARKETING CERTIFICATES.—The Secretary may make up to one-half the amount of a payment under this subsection available in the form of negotiable marketing certificates, subject to the terms and conditions provided in subsection (a)(5)(C).

"(c) DEFICIENCY PAYMENTS.—(1) IN GENERAL.—(A) COMPUTATION.—The Secretary shall make available to producers payments (to be known as 'deficiency payments') for each of the 1991 through 1995 crops of rice in an amount computed by multiplying—

"(i) the payment rate; by

"(ii) the individual farm program acreage; by

"(iii) the farm program payment yield established for the crop for the farm.

"(B) 0/92 AND 50/92 PROGRAMS.—(i) If an acreage limitation program under subsection (e)(2) is in effect for a crop of rice and the producers on a farm devote a portion of the permitted rice acreage of the farm (as determined in accordance with subsection (e)(2)(A)) equal to more than 8 percent of the permitted rice acreage of the farm for the crop to conservation uses (except as provided in subparagraph (F))—

"(I) such portion of the permitted rice acreage in excess of 8 percent of such acreage devoted to conservation uses (except as provided in subparagraph (F)) shall be considered to be planted to rice for the purpose of determining the individual farm program acreage in accordance with subsection (e)(2)(E) and for the purpose of determining the acreage on the farm required to be devoted to conservation uses in accordance with subsection (e)(2)(D); and

"(II) the producers shall be eligible for payments under this paragraph on such acreage, subject to the compliance of the producers with clause (ii).

"(ii)(I) To be eligible for payments under clause (i), except as provided in subclause (II) and clause (iv), the producers on a farm must actually plant rice for harvest on at least 50 percent of the permitted rice acreage of the farm.

"(II) The Secretary may waive the 50 percent planting requirement in subclause (I) for any crop of rice.

"(iii) Notwithstanding any other provision of this section, any producer who elects to devote a portion (or, where the Secretary exercises the waiver authority under clause (ii)(II), all) of the permitted rice acreage of the farm to conservation uses (or other uses as provided in subparagraph (F)), under this subparagraph shall receive deficiency payments on the acreage that is considered to be planted to rice and eligible for payments under this subparagraph for such crop at a rate established by the Secretary, except that such rate may not be established at less than the projected deficiency payment rate for the crop, as determined by the Secretary. Such projected payment rate for the crop shall be announced by the Secretary prior to the period during which rice producers may agree to participate in the program for such crop.

"(iv) If a State or local agency has imposed in an area of a State or county a quarantine on the planting of rice for harvest on farms in such area, the State committee established under section 8(b) of the Soil Conservation and Domestic Allotment Act (16 U.S.C. 590h(b)) may recommend to the Secretary that payments be made under this paragraph to producers in such area who were required to forgo the planting of rice for harvest on acreage to alleviate or eliminate the condition requiring such quarantine. If the Secretary determines that such condition exists, the Secretary may make payments under this paragraph to such producers. To be eligible for payments under this clause, such producers must devote such acreage to conservation uses (except as provided in subparagraph (F)).

"(v) If an acreage limitation program under subsection (e) is in effect for any crop of rice and if the Secretary determines that producers on a farm are prevented from planting the acreage intended for rice to rice because of drought, flood, or other natural disaster, or other condition beyond the control of the producers, the Secretary shall make available to such producers payments computed as provided in paragraph (1)(A). Producers shall be eligible for such payments if a portion (or all) of the permitted rice acreage of the farm is devoted to conservation uses (except as provided in paragraph (F)). Such acreage equal to more than 8 percent of the permitted rice acreage of the farm for the crop shall be considered to be planted to rice for the purpose of determining the individual farm program acreage in accordance with subsection (e)(2)(E) and for the purpose of determining the acreage on the farm required to be devoted to conservation uses in accordance with subsection (e)(2)(D). The provisions of clauses (iii) and (vi) shall apply to any such producers.

"(vi) The rice crop acreage base and rice farm program payment yield of the farm shall not be reduced due to the fact that such portion (or all) of the permitted acreage of the farm was devoted to conserving uses (except as provided in subparagraph (F)).

"(vii) Other than as provided in clauses (i) through (v), payments may not be made under this paragraph for any crop on a greater acreage than the acreage actually planted to rice.

"(viii) Any acreage considered to be planted to rice in accordance with clauses (i) and (v) may not also be designated as conservation use acreage for the purpose of fulfilling any provisions under any acreage limitation or land diversion program requiring that the producers devote a specified acreage to conservation uses.

"(C) PAYMENT RATE.—The payment rate for rice shall be the amount by which the established price for the crop of rice exceeds the higher of—

"(i) the national average market price received by producers during the first 5 months of the marketing year for such crop, as determined by the Secretary; or

"(ii) the loan level determined for such crop.

"(D) MINIMUM ESTABLISHED PRICE.—The established price for rice shall not be less than $10.71 per hundredweight.

"(E) REDUCTION FOR DISASTER PAYMENTS.—The total quantity of rice on which payments would otherwise be payable to a producer on a farm for any crop under this paragraph shall be reduced by the quantity on which any disaster payment is made to the producer for the crop under paragraph (2).

"(F) ALTERNATIVE CROPS.—The Secretary may permit, subject to such terms and conditions as the Secretary may prescribe, all or any part of acreage otherwise required to be devoted to conservation uses as a condition of qualifying for payments under subparagraph (B) to be devoted to sweet sorghum or the production of guar, sesame, safflower, sunflower, rapeseed, castor beans, mustard seed, crambe, plantago ovato, flaxseed, triticale, rye, commodities for which no substantial domestic production or market exists but that could yield industrial raw material being imported, or likely to be imported, into the United States, or commodities grown for experimental purposes (including kenaf), subject to the following sentence. The Secretary may permit such acreage to be devoted to such production only if the Secretary determines that—

"(i) the production is not likely to increase the cost of the price support program and will not affect farm income adversely; and

"(ii) the production is needed to provide an adequate supply of the commodity, or, in the case of commodities for which no substantial domestic production or market exists but that could yield industrial raw materials, the production is needed to encourage domestic manufacture of such raw material and could lead to increased industrial use of such raw material to the long-term benefit of United States industry.

"(2) DISASTER ASSISTANCE.—(A) PREVENTED PLANTING PAYMENTS.—(i) Except as provided in subparagraph (C), if the Secretary determines that the producers on a farm are prevented from planting any portion (or all) of the acreage intended for rice to rice or other nonconserving crops because of drought, flood, or other natural disaster, or other condition beyond the control of the producers, the Secretary shall make a prevented planting disaster payment to the producers in an amount equal to the product obtained by multiplying—

"(I) the number of acres so affected but not to exceed the acreage planted to rice for harvest (including any acreage that the producers were prevented from planting to rice or other nonconserving crops in lieu of rice because of drought, flood, or other natural disaster, or other condition beyond the control of the producers) in the immediately preceding year; by

"(II) 75 percent of the farm program payment yield established for the farm by the Secretary; by

"(III) a payment rate equal to 33⅓ percent of the established price for the crop.

"(ii) Payments made by the Secretary under this subparagraph may be made in the form of cash or in such other form as the Secretary is authorized by law to make.

"(B) REDUCED YIELD PAYMENTS.—Except as provided in subparagraph (C), if the Secretary determines that because of drought, flood, or other natural disaster, or other condition beyond the control of the producers, the total quantity of rice that the producers are able to harvest on any farm is less than the result of multiplying 75 percent of the farm program payment yield established for the farm for such crop by the acreage planted for harvest for such crop, the Secretary shall make a reduced yield disaster payment to the producers at a rate equal to 33⅓ percent of the established price for the crop for the deficiency in production below 75 percent for the crop.

"(C) LIMITATION DUE TO CROP INSURANCE.—Producers on a farm shall not be eligible for—

"(i) prevented planting disaster payments under subparagraph (A), if prevented planting crop insurance is available to the producers under the Federal Crop Insurance Act (7 U.S.C. 1501 et seq.) with respect to the rice acreage of the producers; or

"(ii) reduced yield disaster payments under subparagraph (B), if reduced yield crop insurance is available to the producers under such Act with respect to the rice acreage of the producers.

"(D) EXCEPTION FROM LIMITATION.—(i) Notwithstanding subparagraph (C), the Secretary may make a disaster payment to producers on a farm under this paragraph if the Secretary determines that—

"(I) as the result of drought, flood, or other natural disaster, or other condition beyond the control of the producers, the producers have suffered substantial losses of production either from being prevented from planting rice or other nonconserving crops or from reduced yields;

"(II) such losses have created an economic emergency for the producers;

"(III) crop insurance indemnity payments under the Federal Crop Insurance Act (7 U.S.C. 1501 et seq.) and other forms of assistance made available by the Federal Government to such producers for such losses is insufficient to alleviate such economic emergency; and

"(IV) additional assistance must be made available to such producers to alleviate such economic emergency.

"(ii) The Secretary may make such adjustments in the amount of payments made available under this paragraph with respect to an individual farm so as to assure the equitable allotment of such payments among producers, taking into account other forms of Federal disaster assistance provided to the producers for the crop involved.

"(d) FARM PROGRAM PAYMENT YIELDS.—The farm program payment yields for farms for each crop of rice shall be determined under title V.

"(e) PROGRAMS TO REDUCE ACREAGE.—(1) IN GENERAL.—(A) EXCESSIVE SUPPLY.—Notwithstanding any other provision of this Act, if the Secretary determines that the total supply of rice, in the absence of an acreage limitation program, will be excessive taking into account the need for an adequate carry-over to maintain reasonable and stable supplies and prices and to meet a national emergency, the Secretary may provide for any crop of rice an acreage limitation program as described in paragraph (2).

"(B) CONSIDERATION OF CONSERVATION RESERVE.—In making a determination under subparagraph (A), the Secretary shall take into consideration the number of acres placed in the conservation acreage reserve established under section 1231 of the Food Security Act of 1985 (16 U.S.C. 3831).

"(C) ANNOUNCEMENT OF PROGRAM.—If the Secretary elects to put an acreage limitation program into effect for any crop year, the Secretary shall announce any such program not later than January 31 of the calendar year in which the crop is harvested.

"(D) RATIO OF CARRY-OVER TO TOTAL DISAPPEARANCE.—The Secretary shall carry out an acreage limitation program described in paragraph (2) for a crop of rice in a manner that will result in carry-over stocks equal to between sixteen and one-half and twenty percent of the simple average of the total disappearance of rice for each of the three marketing years preceding the year for which the announcement is made. For the purpose of this subparagraph, "total disappearance" means all rice utilization, including total domestic, total export, and total residual disappearance.

"(2) ACREAGE LIMITATION PROGRAM.—(A) UNIFORM PERCENTAGE REDUCTION.—If a rice acreage limitation program is announced under paragraph (1), such limitation shall be achieved by applying a uniform percentage reduction (not to exceed 35 percent) to the rice crop acreage base for the crop for each rice-producing farm.

"(B) ENFORCEMENT.—Except as provided in subsection (g), producers who knowingly produce rice in excess of the permitted rice acreage for the farm, as established in accordance with subparagraph (A), shall be ineligible for rice loans, purchases, and payments with respect to that farm.

"(C) CROP ACREAGE BASES.—Rice crop acreage bases for each crop of rice shall be determined under title V.

"(D) CONSERVATION USE ACREAGE.—(i) A number of acres on the farm shall be devoted to conservation uses, in accordance with regulations issued by the Secretary. Such number shall be determined by dividing—

"(I) the product obtained by multiplying the number of acres required to be withdrawn from the production of rice times the number of acres planted to such commodity; by

"(II) the number of acres authorized to be planted to such commodity under the limitation established by the Secretary.

"(ii) The number of acres determined under clause (i) is hereafter in this subsection referred to as 'reduced acreage'.

"(E) FARM PROGRAM ACREAGE.—Except as provided in subsection (c)(1)(B), the individual farm program acreage shall be the acreage planted on the farm to rice for harvest within the permitted rice acreage for the farm as established under this paragraph.

"(3) USE OF CONSERVATION ACREAGE.—(A) PROTECTION FROM WEEDS AND EROSION.—The regulations issued by the Secretary under paragraph (2) with respect to acreage required to be devoted to conservation uses shall assure protection of such acreage from weeds and wind and water erosion.

"(B) PERMITTED PLANTINGS.—The Secretary may permit, subject to such terms and conditions as the Secretary may prescribe, all or any part of such acreage to be devoted to sweet sorghum, or the production of guar, sesame, safflower, sunflower, rapeseed, castor beans, mustard seed, crambe, plantago ovato, flaxseed, triticale, rye, or other commodity, if the Secretary determines that such production is needed to provide an adequate supply of such commodities, is not likely to increase the cost of the price support program, and will not affect farm income adversely.

"(C) HAYING AND GRAZING.—(i) Except as provided in clause (ii), haying and grazing of acreage designated as conservation use acreage for the purpose of meeting any requirements established under an acreage limitation program (including a program conducted under subsection (c)(1)(B)), or land diversion program established under this section shall be permitted, except during any consecutive 5-month period that is established by the State committee established under section 8(b) of the Soil Conservation and Domestic Allotment Act (16 U.S.C. 590h(b)) for a State. Such 5-month period shall be established during the period beginning April 1, and ending October 31, of a year.

"(ii) In the case of a natural disaster, the Secretary may permit unlimited haying and grazing on such acreage.

"(4) LAND DIVERSION PROGRAM.—(A) PAYMENTS.—The Secretary may make land diversion payments to producers of rice, whether or not an acreage limitation program for rice is in effect, if the Secretary determines that such land diversion payments are necessary to assist in adjusting the total national acreage of rice to desirable goals. Such land diversion payments shall be made to producers who, to the extent prescribed by the Secretary, devote to approved conservation uses an acreage of cropland on the farm in accordance with land diversion contracts entered into by the Secretary with such producers.

"(B) BIDS FOR CONTRACTS.—The amounts payable to producers under land diversion contracts may be determined through the submission of bids for such contracts by producers in such manner as the Secretary may prescribe or through such other means as the Secretary determines appropriate. In determining the acceptability of contract offers, the Secretary shall take into consideration the extent of the diversion to be undertaken by the producers and the productivity of the acreage diverted.

"(C) LIMITATION ON DIVERTED ACREAGE.—The Secretary shall limit the total acreage to be diverted under agreements in any county or local community so as not to affect adversely the economy of the county or local community.

"(5) WILDLIFE USES FOR REDUCED AND DIVERTED ACREAGE.—(A) IN GENERAL.—The reduced acreage and additional diverted acreage may be devoted to wildlife food plots or wildlife habitat in conformity with standards established by the Secretary in consultation with wildlife agencies.

"(B) COST SHARING.—The Secretary may pay an appropriate share of the cost of practices designed to carry out the purposes of subparagraph (A).

"(C) ENCOURAGEMENT OF PUBLIC ACCESS.—The Secretary may provide for an additional payment on such acreage in an amount determined by the Secretary to be appropriate in relation to the benefit to the general public if the producer agrees to permit, without other compensation, access to all or such portion of the farm, as the Secretary may prescribe, by the general public, for hunting, trapping, fishing, and hiking, subject to applicable State and Federal regulations.

"(6) PARTICIPATION AGREEMENTS.—(A) IN GENERAL.—An operator of a farm desiring to participate in the program conducted under this subsection shall execute an agreement with the Secretary providing for such participation not later than such date as the Secretary may prescribe.

"(B) MODIFICATION OR TERMINATION.—The Secretary may, by mutual agreement with producers on a farm, terminate or modify any such agreement if the Secretary determines such action necessary because of an emergency created by drought or other disaster or to prevent or alleviate a shortage in the supply of agricultural commodities.

"(f) ONE-HALF ACREAGE REDUCTION PROGRAM.—(1) IN GENERAL.—The Secretary may, for each of the 1991 through 1995 crops of rice, make payments available to producers who meet the requirements of this subsection.

"(2) FORM OF PAYMENT.—Such payments may be—

"(A) made in the form of rice owned by the Commodity Credit Corporation; or

"(B) made in such other form as the Secretary is authorized by law to make.

"(3) DETERMINATION OF PAYMENT.—(A) IN GENERAL.—Payments under this subsection shall be determined in the same manner as provided in subsection (b).

"(B) QUANTITY OF RICE MADE AVAILABLE.—The quantity of rice to be made available to a producer under this subsection shall be equal in value to the payments so determined under such subsection.

"(4) ELIGIBILITY.—A producer shall be eligible to receive a payment under this subsection for a crop if the producer—

"(A) agrees to forgo obtaining a loan or purchase agreement under subsection (a);

"(B) agrees to forgo receiving payments under subsection (c);

"(C) does not plant rice for harvest in excess of the crop acreage base reduced by one-half of any acreage required to be diverted from production under subsection (f); and

"(D) otherwise complies with this section.

"(g) EQUITABLE RELIEF.—(1) LOANS AND PAYMENTS.—If the failure of a producer to comply fully with the terms and conditions of the program formulated under this section precludes the making of loans, purchases, and payments, the Secretary may, nevertheless, make such loans, purchases, and payments in such amounts as the Secretary determines are equitable in relation to the seriousness of the failure. The Secretary may consider whether the producer made a good faith effort to comply fully with the terms and conditions of such program in determining whether equitable relief is warranted under this paragraph.

"(2) DEADLINES AND PROGRAM REQUIREMENTS.—The Secretary may authorize the county and State committees established under section 8(b) of the Soil Conservation and Domestic Allotment Act (16 U.S.C. 590h(b)) to waive or modify deadlines and other program requirements in cases in which lateness or failure to meet such other requirements does not affect adversely the operation of the program.

"(h) REGULATIONS.—The Secretary may issue such regulations as the Secretary determines necessary to carry out this section.

"(i) COMMODITY CREDIT CORPORATION.—The Secretary shall carry out the program authorized by this section through the Commodity Credit Corporation.

"(j) ASSIGNMENT OF PAYMENTS.—The provisions of section 8(g) of the Soil Conservation and Domestic Allotment Act (16 U.S.C. 590h(g)) (relating to assignment of payments) shall apply to payments under this section.

"(k) EQUITABLE SHARING OF PAYMENTS.—The Secretary shall provide for the sharing of payments made under this section for any farm among the producers on the farm on a fair and equitable basis.

"(l) TENANTS AND SHARECROPPERS.—The Secretary shall provide adequate safeguards to protect the interests of tenants and sharecroppers.

(m) PROHIBITIONS.—(1) CROSS COMPLIANCE.—(A) IN GENERAL.—Notwithstanding any other provision of law, compliance on a farm with the terms and conditions of any other commodity program, or compliance with crop base acreage requirements for any other commodity, may not be required as a condition of eligibility for loans, purchases, or payments under this section.

"(B) CROP ACREAGE BASE INCREASES.—If a producer on a farm is participating in the rice program under this section, the crop acreage base for any other commodity for the farm may not be increased if such commodity is produced on the farm in a manner that is not in compliance with—

"(i) the terms and conditions of the applicable commodity program for such commodity; or

"(ii) the crop acreage base requirements of the applicable commodity program for such commodity.

"(2) OFFSETTING COMPLIANCE.—The Secretary may not require producers on a farm, as a condition of eligibility for loans, purchases, or payments under this section for such farm, to comply with the terms and conditions of the rice program with respect to any other farm operated by such producers.".

SEC. 302. MARKETING CERTIFICATES.

(a) IN GENERAL.—Notwithstanding any other provision of law, whenever, during the period beginning August 1, 1991, and ending July 31, 1996, the world price for a class of rice (adjusted to United States qualities and location), as determined by the Secretary of Agriculture, is below the current loan repayment rate for that class of rice, to make United States rice competitive in world markets and to maintain and expand exports of rice produced in the United States, the Commodity Credit Corporation, under such regulations as the Secretary may prescribe, shall make payments, through the issuance of negotiable marketing certificates, to persons who have entered into an agreement with the Commodity Credit Corporation to partici-

pate in the program established under this section. Such payments shall be made in such monetary amounts and subject to such terms and conditions as the Secretary determines will make rice produced in the United States available at competitive prices consistent with the purposes of this section.

(b) VALUE OF CERTIFICATES.—The value of each certificate issued under subsection (a) shall be based on the difference between—

(1) the loan repayment rate for the class of rice; and

(2) the prevailing world market price for the class of rice, as determined by the Secretary of Agriculture under a published formula submitted for public comment before its adoption.

(c) REDEMPTION OF CERTIFICATES.—The Commodity Credit Corporation, under regulations prescribed by the Secretary of Agriculture, shall assist any person receiving marketing certificates under this section in the redemption of certificates for cash, or marketing or exchange of such certificates for agricultural commodities or the products thereof owned by the Commodity Credit Corporation, at such times, in such manner, and at such price levels as the Secretary determines will best effectuate the purposes of the program established under this section. Notwithstanding any other provision of law, any price restrictions that may otherwise apply to the disposition of agricultural commodities by the Commodity Credit Corporation shall not apply to the redemption of certificates under this section.

(d) COMMODITY DESIGNATION; STORAGE COSTS.—Insofar as practicable, the Secretary shall permit owners of certificates to designate the commodities and the products thereof, including storage sites thereof, such owners would prefer to receive in exchange for certificates. If any certificate is not presented for redemption, marketing, or exchange within a reasonable number of days after the issuance of such certificate (as determined by the Secretary), reasonable costs of storage and other carrying charges, as determined by the Secretary, shall be deducted from the value of the certificate for the period beginning after such reasonable number of days and ending with the date of the presentation of such certificate to the Commodity Credit Corporation.

(e) PREVENTION OF POTENTIAL ADVERSE AFFECTS.—The Secretary of Agriculture shall take such measures as may be necessary to prevent the marketing or exchange of agricultural commodities and the products thereof for certificates under this section from adversely affecting the income of producers of such commodities or products.

(f) TRANSFERABILITY.—Under regulations prescribed by the Secretary of Agriculture, certificates issued to rice exporters under this section may be transferred to other exporters and persons approved by the Secretary.

TITLE IV—DAIRY

SEC. 401. FINDINGS.

Congress finds that—

(1) United States dairy policy should foster an economic environment in which milk producers have the opportunity to receive a satisfactory return for their labor and investment;

(2) the Federal support price should establish a minimum price which guarantees an adequate supply of wholesome milk;

(3) the Federal dairy program should foster the use of a component based price support system to more readily reflect market demands and better communicate the economic composition of milk and products derived from milk;

(4) market forces, together with appropriate adjustments in the government support price and standby milk production reduction programs, should balance supply and demand for milk and dairy products;

(5) Federal dairy support programs should embody the notion that the market for dairy products is national in scope;

(6) United States milk producers should be treated equally under Federal laws that compel the Secretary to purchase dairy products under the price support program;

(7) an alternative milk production reduction program should be used only when price changes alone will not balance supply with demand within a reasonable time period without greatly disrupting the market for dairy products; and

(8) factors such as the cost of the program, the program's effect on other agricultural segments, the economic conditions in agriculture and fiscal goals should be considered when an alternative inventory management program is considered.

SEC. 402. MILK PRICE SUPPORT AND INVENTORY MANAGEMENT PROGRAM FOR CALENDAR YEARS 1991 THROUGH 1995.

Section 201 of the Agricultural Act of 1949 (7 U.S.C. 1446) is amended by amending subsection (e) to read as follows:

"(e) Notwithstanding any other provision of law—

"(1) During the period beginning on January 1, 1991 and ending on December 31, 1995, the price of milk shall be supported as provided in this subsection.

"(2)(A) During the period beginning on January 1, 1991 and ending on December 31, 1995, the price of milk shall be supported at a rate not less than $10.10 per hundredweight for milk containing 3.67 percent milkfat.

"(B)(i) The price of milk shall be supported through the purchase of milk and the products of milk.

"(ii) The Commodity Credit Corporation price support for each of the products butter, cheese and nonfat dry milk, respectively, announced by the Corporation shall be the same for all of that product sold by persons offering to sell such product to the Corporation. Such purchase prices shall be sufficient to enable plants of average efficiency receiving such prices for dairy products to pay producers, on average, a price not less than the rate of price support for milk in effect during such twelve-month period under this paragraph.

"(iii) In carrying out this section, the Secretary shall offer to purchase butter for not more than an amount per pound of $0.8150 in fiscal years 1991 through 1993, and $0.7875 in fiscal years 1994 and 1995, and shall offer to purchase nonfat dry milk at such a level that results in milk being supported at the level prescribed in subparagraph (A) as adjusted under paragraph (3), except that the Secretary may allocate the rate of price support between the purchase prices for nonfat dry milk and butter in such other manner as the Secretary determines will result in the lowest level of expenditures by the Commodity Credit Corporation and shall notify the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate of such determination.

"(3)(A)(i) If for any of the fiscal years 1992 through 1996, the level of purchases of milk and the products of milk by the Commodity Credit Corporation under this subsection (less sales under section 407 for unrestricted use), as estimated by the Secretary on August 1 of the preceding fiscal year, will exceed 5 billion pounds, milk equivalent, total milk solids basis, the Secretary shall decrease by an amount per hundredweight of at least $0.25 but not more than $0.50 the rate of price support for milk in effect for such fiscal year.

"(ii) The Secretary shall, by August 1 of the preceding fiscal year, notify the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate of any proposed decrease in price support under this subparagraph.

"(B)(i) If for any of the fiscal years 1992 through 1996, the level of purchases of milk and the products of milk by the Commodity Credit Corporation under this subsection (less sales under section 407 for unrestricted use), as estimated by the Secretary on August 1 of the preceding fiscal year, will not exceed 3.5 billion pounds, milk equivalent, total milk solids basis, the Secretary shall increase by an amount per hundredweight of at least $0.25 the rate of price support for milk in effect for such fiscal year.

"(ii) The Secretary shall, by August 1 of the preceding fiscal year, notify the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate of any proposed increase in price support under this subparagraph.

"(C) If for any of the fiscal years 1992 through 1996, the level of purchases of milk and the products of milk by the Commodity Credit Corporation under this subsection (less sales under section 407 for unrestricted use), as estimated by the Secretary on August 1 of the preceding fiscal year, will be less than 5 billion pounds, milk equivalent, total milk solids basis, but more than 3.5 billion pounds of milk equivalent, total milk solids basis, the Secretary shall not decrease the rate of price support for milk in effect for such fiscal year.

"(D) Notwithstanding any other provision of this subsection, in no event shall the price of milk be supported at less than $10.10 per hundredweight.

"(E)(i) As used in this subsection, the term 'milk equivalent, total milk solids basis', of milk and the products of milk purchased by the Commodity Credit Corporation shall be equal to the weighted-average of the milk equivalents, as computed on a milkfat basis, and on a milk solids not fat basis, of such products, with weighting factors equal to not more than 40 percent for the milk

equivalent, milkfat basis, and not more than 70 percent for the milk equivalent, milk solids not fat basis. Such weighting factors shall total 100 percent.

"(ii) The Secretary shall issue a proposed rule defining 'total milk solids basis' no later than 30 days after enactment of this subsection, shall provide notice and reasonable opportunity for public comment. and shall issue a final rule defining 'total milk solids basis' no later than 90 days after enactment of this subsection.

"(iii) In estimating the level of purchases of milk and the products of milk under this subsection, the Secretary shall deduct the amount, if any, by which the level of imports into the United States of milk and the products of milk during the most recent calendar year exceeds the annual average level of imports into the United States of milk and the products of milk during the period January 1, 1986, through December 31, 1990, milk equivalent, total milk solids basis.

"(4)(A) Within 180 days of enactment of this subsection, the Secretary shall submit to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate, a report that—

"(i) recommends an inventory management program to be implemented when Commodity Credit Corporation purchases of milk and the products of milk are projected to exceed 7 billion pounds of milk equivalent, total milk solids basis, in any fiscal year;

"(ii) evaluates two-tier pricing systems, or a plan to achieve equivalent results;

"(iii) does not evaluate any termination or diversion program;

"(iv) does not evaluate the use of assessments as a mechanism to decrease price support levels; and

"(v) seeks, among other things, methods to reduce any excessive surplus of milk, lower costs to the Commodity Credit Corporation, and to provide for the orderly marketing of surplus milk.

"(B) The report submitted under subparagraph (A) shall include, but is not limited to, the following topics:

"(i) the difficulties and possible resolutions associated with the disposition and orderly marketing of milk priced at a price lower than the world market price through various marketing channels including export markets and domestic donation feeding programs;

"(ii) the establishment of a Class IV price for milk;

"(iii) the impact of a Class IV system on the Federal milk marketing order system;

"(iv) the impact of a system similar to the Class IV system on non-Federal milk marketing order milk; and

"(v) plans to achieve desired results other than through a two-tiered pricing system.

"(C)(i) If for any of the fiscal years 1992 through 1995, the level of purchases of milk and the products of milk by the Commodity Credit Corporation under this subsection (less sales under section 407 for unrestricted use), as estimated by the Secretary on August 1 of the preceding fiscal year, will exceed 7 billion pounds of milk equivalent, total milk solids basis, the Secretary shall, except as provided in clause (ii), implement for such fiscal year the inventory management program recommended in subparagraph (A).

"(ii) The Secretary shall not implement the inventory management program recommended in subparagraph (A) before the later of January 1, 1992, or the date 6 months after the submission of the report required under subparagraph (A).

"(iii) If the Secretary is required to implement during a fiscal year an inventory management program, the Secretary shall, by August 1 of the preceding fiscal year, notify the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate of the type of inventory management program to be implemented.

"(iv) Not later than January 1 of any fiscal year that an inventory management program is in effect, the Secretary shall submit to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate a certification, including a statement of facts in support of such certification, that such inventory management program will achieve a reduction in the production or marketing of milk for commercial purposes by program participants such that purchases of milk and the products of milk by the Commodity Credit Corporation, as estimated by the Secretary, for

the fiscal year will not be greater than 7 billion pounds, milk equivalent, total milk solids basis.

"(D) If the Secretary is required to establish and carry out an inventory management program for milk, the Secretary shall not offer to enter into a contract with any producer of milk in the United States for the purpose of selling for slaughter any dairy cattle in which such producer owns an interest.".

SEC. 403. MILK MANUFACTURING MARGIN STUDY.

(a) STUDY.—The Secretary of Agriculture shall direct the Agricultural Marketing Service of the United States Department of Agriculture to conduct a study of state milk pricing programs for submission to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate, not later than one year after enactment of this Act.

(b) EVALUATION.—The study submitted under subsection (a) shall evaluate—

(1) the objectives, rational, and operation of State milk pricing programs;

(2) the impacts on Federal Government programs, the dairy industry, and consumers, of State manufacturing allowances in States currently operating under State milk pricing programs, including a comparative analysis under the alternative allowance levels of farm and retail level prices, production levels, the supply-demand balance, and the cost of the Federal dairy price support program;

(3) the extent to which over-order premiums under federal milk marketing orders compensate for the low federal manufacturing allowances; and

(4) comparative plant operating cost data, including labor, utilities and product yields and other specialized factors in any State that has a manufacturing allowance different from the Federal manufacturing allowance.

(c) PROHIBITION.—If the Secretary finds, as a result of the study conducted pursuant to subsection (a), and after considering all the factors enumerated in subsection (b), that a State's use of a manufacturing allowance that is different from the Federal manufacturing allowance used for purposes of price support purchases under section 201 of the Agricultural Act of 1949 (7 U.S.C. 1446) has an adverse effect on the operation of the Federal dairy program, and that manufacturing cost and yield data from that same State, audited by that State and presented at public hearings in that State do not justify different manufacturing allowances in that State, then the Secretary may, after conducting public hearings and providing for a public comment period not less than 90 days from the conclusion of such hearings, prohibit that State from using an allowance which is different from the Federal manufacturing allowance to establish a price for Grade A milk for manufacturing butter, non-fat dry milk, or cheese.

(d) APPEAL.—Any State that is prohibited from establishing a manufacturing allowance different from the Federal manufacturing allowance may file an appeal with the Secretary under procedures provided for under title 5 of the United States Code 556 et seq.

SEC. 404. MINNESOTA-WISCONSIN PRICE SERIES REFORM.

(a) INITIATE REFORM.—Within 60 days of enactment of this Act, the Secretary of Agriculture shall commence to accept alternative pricing formula recommendations, as they may relate to the Minnesota-Wisconsin price series used to determine the minimum prices paid under milk marketing orders, in order to amend such milk marketing orders authorized under section 8c of the Agricultural Adjustment Act, reenacted with amendments by the Agricultural Marketing Agreement Act of 1937. Among the alternative pricing formulas to be considered by the Secretary shall be a price series based on prices paid by milk processors for Grade A milk and manufacturing grade milk that is used in the manufacture of dairy products.

(b) AVAILABILITY OF DATA.—The Secretary shall compile and make available to the public the historical and current data used to compare the alternative pricing formulas submitted and recommended as provided in subsection (a) with the existing Minnesota-Wisconsin price series.

(c) DEADLINE.—(1) Not later than October 1, 1991, the Secretary shall publish in the Federal Register a proposed replacement price series and shall give notice and 30 days for public comment on such proposal. At the end of the comment period the Secretary shall publish a final rule and report such rule to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate. Not less than 30 legislative days after publication of the final rule, the Secretary shall implement the new Minnesota-Wisconsin price series in the federal milk marketing orders as provided under section 8c of the Agricultural Adjustment Act, reenacted with amendments by the Agricultural Marketing Agreement Act of 1937.

(2) For purposes of this section "legislative day" shall mean a day on which either House of Congress is in session.

SEC. 405. HEARINGS ON FEDERAL MILK MARKETING ORDERS.

The Secretary of Agriculture shall conclude the national hearings announced by the Secretary on March 29, 1990, regarding possible changes in the pricing provisions of federal milk marketing orders in order to effect any changes in the federal orders setting minimum prices that milk processors must pay for Grade A milk received from producers, by January 1, 1992.

SEC. 406. REPORT OF DAIRY PRODUCT PURCHASES.

The Secretary of Agriculture shall make available to the public quarterly evaluations of the acquisition and disposal of Commodity Credit Corporation purchases of dairy products.

SEC. 407. APPLICATION OF SUPPORT PRICE FOR MILK.

For purposes of supporting the price of milk under section 201(e) of the Agricultural Act of 1949 (7 U.S.C. 1446(e)), the Secretary of Agriculture may not take into consideration any market value of whey.

SEC. 408. APPLICATION OF AMENDMENTS.

The amendments made by this title shall not affect any liability of any person under section 201 of the Agricultural Act of 1949 (7 U.S.C. 1446) as in effect before the date of the enactment of this Act.

SEC. 409. ADJUSTMENTS FOR SEASONAL PRODUCTION; HEARINGS ON AMENDMENTS; DETERMINATION OF MILK PRICES.

Section 101(b) of the Agriculture and Food Act of 1981 (7 U.S.C. 608c note) is amended by striking "1990"and inserting "1995".

SEC. 410. TRANSFER OF DAIRY PRODUCTS TO THE MILITARY AND VETERANS HOSPITALS.

Subsections (a) and (b) of section 202 of the Agricultural Act of 1949 (7 U.S.C. 1446a) are each amended by striking "1990" and inserting "1995".

SEC. 411. EXTENSION OF THE DAIRY INDEMNITY PROGRAM.

Section 3 of the Act entitled "An Act to provide indemnity payments to dairy farmers" (7 U.S.C. 450l), approved August 13, 1968, is amended by striking "1990" and inserting "1995".

SEC. 412. EXPORT SALES OF DAIRY PRODUCTS.

(a) IN GENERAL.—In each of the fiscal years 1991 through 1995, the Secretary of Agriculture shall sell for export, at such prices as the Secretary determines appropriate, not less than 150,000 metric tons of dairy products owned by the Commodity Credit Corporation, of which not less than 100,000 metric tons shall be butter and not less than 20,000 metric tons shall be cheese, if that disposition of such commodities will not interfere with the usual marketings of the United States nor disrupt world prices of agricultural commodities and normal patterns of commercial trade.

(b) SALES.—Such sales shall be made through the Commodity Credit Corporation.

(c) REPORT.—Through September 30, 1995, the Secretary shall report semiannually to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate on the volume of sales made under this section.

SEC. 413. COMPONENT PRICING OF MILK.

Section 8c(5)(B) of the Agricultural Adjustment Act (7 U.S.C. 608c(5)(B)), reenacted with amendments by the Agricultural Marketing Agreement Act of 1937, is amended by striking out "and" at the end of clause (ii)(d) and adding before the final period at the end of the clause, the following: "and, (f) a further adjustment, equitably to apportion the total value of milk purchased by any handler or by all handlers among producers on the basis of the milk components contained in their marketings of milk".

SEC. 414. ADJUSTMENTS IN PAYMENTS BY HANDLERS.

Section 8c(5) of the Agricultural Adjustment Act (7 U.S.C. 608c(5)), reenacted with amendments by the Agricultural Marketing Agreement Act of 1937, is amended by adding at the end the following:

"(L) Providing that adjustments in payments by handlers under paragraph (A) need not be the same as adjustments to producers under paragraph (B) with regard to adjustments authorized by subparagraph (A) (2) and (3) and clauses (B)(ii) (b), (c), and (d).

SEC. 415. DAIRY EXPORT INCENTIVE PROGRAM.

Section 153 of the Food Security Act of 1985 (15 U.S.C. 713a-14) is amended by striking "September 30, 1990" and inserting "December 31, 1995".

SEC. 416. AMENDMENT TO THE PACKERS AND STOCKYARDS ACT, 1921, TO PROVIDE FOR THE ESTABLISHMENT OF TRUSTS FOR THE BENEFIT OF MILK PRODUCERS.

(a) DEFINITIONS.—Section 2(a) of the Packers and Stockyards Act, 1921 (7 U.S.C. 182) is amended—

(1) in paragraph (10) by striking 'and' at the end;

(2) by redesignating paragraph (11) as paragraph (15), and

(3) by inserting after paragraph (10) the following:

"(11) The term 'milk' means cow's milk;

"(12) The term 'milk product' means any product or by product from processing milk;

"(13) The term 'milk producer' means any person who produces milk;

"(14) The term 'handler' means any person who, in commerce, receives or otherwise acquires milk, processes, prepares or arranges for marketing, or markets the milk; and".

(b) STATUTORY TRUST ESTABLISHED.—The Packers and Stockyards Act, 1921 (7 U.S.C. 181 et seq.) is amended by inserting after section 207 the following:

"SEC. 208. STATUTORY TRUST ESTABLISHED; MILK.

"(a) PROTECTION OF PUBLIC INTEREST FROM INADEQUATE FINANCING ARRANGEMENTS.—(1) It is hereby found that a burden on commerce in milk, and an obstruction to commerce in milk is caused by financing arrangements under which handlers encumber, give lenders security interest in, or have liens placed on milk purchased or received by a handler, on inventories of milk, on receivables or proceeds from milk, or on products derived from milk when payment is not made for the milk. Such arrangements are contrary to the public interest.

"(2) This section is intended to remedy such burden on commerce in milk and obstruction to commerce in milk and to protect the public interest.

"(b) TRUSTS.—All milk purchased or received by a handler, all inventories of milk or milk products, and all receivables or proceeds from milk or milk products, shall be held by such handler in trust for the benefit of all unpaid milk producers of such milk or milk products or unpaid handlers until full payment has been received by such unpaid milk producer or handler.

"(c) EFFECT OF DISHONORED INSTRUMENTS.—Payment shall not be considered to have been made if the milk producer or handler receives a payment instrument which is dishonored.

"(d) PRESERVATION OF TRUST BENEFITS BY MILK PRODUCER OR HANDLER.—The unpaid milk producer or unpaid handler shall lose the benefit of such trust if such milk producer or handler has not preserved his trust under this section by giving written notice to the debtor handler and by filing such notice with the Secretary—

"(1) within thirty days of the final date for making a payment for milk when a payment instrument has not been received, or

"(2) within fifteen business days after the milk producer or handler has received notice if the payment instrument promptly presented for payment has been dishonored.

"(e) DISTRICT COURTS.—The several district courts of the United States are vested with jurisdiction specifically to entertain—

"(1) actions by trust beneficiaries to enforce payment from the trust; and

"(2) actions by the Secretary to prevent and restrain dissipation of the trust.".

(c) RECORDS AND RESPONSIBILITY.—(1) Section 401 of the Packers and Stockyards Act, 1921 (7 U.S.C. 221), is amended by inserting ", milk handler" after "any live poultry dealer".

(2) Section 403 of the Packers and Stockyards Act, 1921 (7 U.S.C. 223), is amended by inserting ", milk handler" after "any live poultry dealer".

(d) EFFECTIVE DATE.—The amendments made by this section shall take effect 90 days after the date of the enactment of this Act.

(e) AUTHORIZATION.—Such sums are authorized to be appropriated as may be necessary for the administration of this section.

SEC. 417. STATUS OF PRODUCER HANDLERS.

The legal status of producer handlers of milk under the Agricultural Adjustment Act (7 U.S.C. 601 et seq.), reenacted with amendments by the Agricultural Marketing Agreement Act of 1937, shall be the same after the amendments made by this title take effect as it was before the effective date of such amendments.

TITLE V—WOOL AND MOHAIR

SEC. 501. EXTENSION OF PRICE SUPPORT PROGRAM.

Section 703 of the National Wool Act of 1954 (7 U.S.C. 1782) is amended by—

(1) striking "1990" in subsection (a) and inserting "1995"; and

(2) striking "1990" in subsection (b) and inserting "1995".

SEC. 502. PROMOTION PROGRAM.

Section 708 of the National Wool Act of 1954 (7 U.S.C. 1787) is amended by striking "at least two-thirds" wherever it appears and inserting "a majority" and by striking "two-thirds" wherever it appears and inserting "a majority".

SEC. 503. PAYMENT LIMITATION.

Section 704 of the National Wool Act of 1954 (7 U.S.C. 1783) is amended by—

(1) inserting immediately after the section designation "(a) USE OF PAYMENTS.—"; and

(2) adding at the end the following new subsection:

"(b) PAYMENT LIMITATION.—The total amount of payments that any one producer is entitled to receive under this Act for any marketing year that begins after the date of enactment of this sentence shall not exceed $250,000.".

TITLE VI—HONEY

Subtitle A—Beekeeping Stabilization

SEC. 601. SHORT TITLE.

This subtitle may be cited as the "Beekeeping Industry Stabilization Act of 1990".

SEC. 602. FINDINGS AND POLICY.

(a) FINDINGS.—Congress finds that—

(1) honeybees serve a vital function for United States agriculture by pollinating millions of acres of fruits, vegetables, oilseeds, and legume seed crops annually;

(2) pollination by honeybees adds an estimated $9.7 billion annually to the value of the crops pollinated in the United States and has many additional indirect benefits to agriculture and horticulture, and such pollination has increased in importance to farmers in recent years as urbanization and other pressures on the environment have lessened the availability of other natural pollinators;

(3) while the value of honeybees to agriculture as pollinators far exceeds the value of the honey produced by bees, the income from honey production is essential to most beekeepers' operations since their income from honey production far exceeds the fees they receive for pollination services;

(4) honey production provides the incentive for beekeepers to maintain strong colonies of bees during the many months of the year that bees are not involved in commercial pollination; and

(5) the honey price support program has enabled beekeepers to continue operations and provide vital pollinating services while also assuring consumers of a stable supply of nutritious honey at reasonable prices.

(b) POLICY.—It, therefore, is declared to be the policy of Congress that the provisions of this Act to extend the honey price support program are necessary to preserve a viable beekeeping industry in the United States.

SEC. 603. HONEY PRICE SUPPORT.

Effective only for the 1991 through 1995 crops of honey, subsection (b) of section 201 of the Agricultural Act of 1949 (7 U.S.C. 1446) is amended to read as follows:

"(b)(1) For each of the 1991 through 1995 crops of honey, the price of honey shall be supported through loans, purchases, or other operations at not less than 53.8 cents per pound.

"(2) The Secretary may permit a producer to repay a loan made to the producer under this subsection for a crop at a level that is the lesser of—

"(A) the loan level determined for such crop; or

"(B) such level as the Secretary determines will—

"(i) minimize the number of loan forfeitures;

"(ii) not result in excessive total stocks of honey;

"(iii) reduce the costs incurred by the Federal Government in storing honey; and

"(iv) maintain the competitiveness of honey in the domestic and export markets.

"(3)(A) If the Secretary determines that a person has knowingly pledged adulterated or imported honey as collateral to secure a loan made under this subsection, such person, in addition to any other penalty or sanction prescribed by law, shall be ineligible for a loan, purchase, or payment under this subsection for the 3 crop years succeeding such determination.

"(B) For purposes of subparagraph (A), honey shall be considered adulterated if—

"(i) any substance has been substituted wholly or in part for such honey;

"(ii) such honey contains a poisonous or deleterious substance that may render such honey injurious to health, except that in any case in which such substance is not added to such honey, such honey shall not be considered adulterated if the quantity of such substance in or on such honey does not ordinarily render it injurious to health; or

"(iii) for any other reason, such honey is unsound, unhealthy, unwholesome, or otherwise unfit for human consumption.".

Subtitle B—Research, Promotion, and Consumer Information

SEC. 611. SHORT TITLE.

This title may be cited as the "Honey Research, Promotion, and Consumer Information Act Amendments of 1990".

SEC. 612. DEFINITIONS.

Section 3 of the Honey Research, Promotion, and Consumer Information Act (7 U.S.C. 4602) is amended by—

(1) in paragraph (8)—

(A) striking "or who acts" and inserting "or acts"; and

(B) inserting before the period at the end the following: "and who is listed in the import records as the importer of record for such honey or honey products"; and

(2) adding at the end the following new paragraph:

"(18) The term 'exporter' means any person who exports honey or honey products from the United States.".

SEC. 613. REQUIRED TERMS IN ORDERS.

Section 7 of the Honey Research, Promotion, and Consumer Information Act (7 U.S.C. 4606) is amended—

(1) in subsection (c)—

(A) by amending paragraph (2)(C) to read as follows:

"(C) two members who are either importers or exporters, of which at least one shall be an importer, appointed from nominations submitted by the Committee from recommendations by industry organizations representing importer and exporter interests;";

(B) in the matter following paragraph (2)(E), by striking "nominate an alternate or alternates" and inserting "submit nominations for an alternate";

(C) at the end of paragraph (2), by adding the following sentence: "However, no producer-packer who, during any three of the preceding five years, purchased for resale more honey than such producer-packer produced shall be eligible for nomination or appointment to the Honey Board as a producer described in subparagraph (A) or as an alternate to such producer."; and

(D) in paragraph (4), inserting before the period at the end the following: ", except that if, as a result of the adjustment of the boundaries of the regions established under paragraph (2)(A), a producer member or alternate is no longer from the region from which such person was appointed, such member or alternate may serve out the term for which such person was appointed"; and

(2) by adding at the end the following new subsection:

"(k) Any patent on any product, copyright on any material, or any invention, product formulation or publication developed through the use of funds collected by the Honey Board shall be the property of the Honey Board. The funds generated from any such patent, copyright, invention, product formulation, or publication shall inure to the benefit of the Honey Board.".

SEC. 614. ASSESSMENTS.

(a) Assessment Rate and Exemptions.—Section 7 of the Honey Research, Promotion, and Consumer Information Act (7 U.S.C. 4606) is further amended—

(1) in subsection (e)(1) by striking the second and third sentences and inserting the following: "The assessment rate shall be $0.01 per pound, with payment to be made in the manner described in section 9."; and

(2) by striking subsection (e)(2) and inserting the following:

"(2)(A) Honey that is consumed at home by the producer or importer or donated by the producer or importer to a nonprofit, government, or other entity, as determined appropriate by the Secretary, rather than sold shall be exempt from assessment under the order, except that donated honey that later is sold in a commercial outlet by a donee or a donee's assignee shall be subject to assessment on such sale.

"(B)(i) A producer, producer-packer, or importer who produces or imports during any year less than 6,000 pounds of honey shall be eligible for an exemption in such year from paying an assessment on honey such person distributes directly through local retail outlets, as determined by the Secretary, during such year.

"(ii) In order to claim an exemption under this subparagraph, a person shall submit an application to the Honey Board stating the basis on which the person claims the exemption for such year.

"(iii) If, after a person claims an exemption from assessments for any year under this subparagraph, such person no longer meets the requirements of this subparagraph for an exemption, such person shall file a report with the Honey Board in the form and manner prescribed by the Board and pay an assessment on or before March 15 of the subsequent year on all honey produced or imported by such person during the year for which the person claimed the exemption.

"(3) If a producer, producer-packer, or importer does not pay any assessments under this Act due to the applicability to such person of the exemptions from assessments provided in paragraph (2), then such producer, producer-packer, or importer shall not be considered a producer or importer for purposes of voting in any referendum conducted under this Act during the period the person's exemption from all assessments is in effect.".

(b) COLLECTION OF ASSESSMENTS; REFUNDS.—Section 9 of the Honey Research, Promotion, and Consumer Information Act (7 U.S.C. 4608) is amended—

(1) in subsection (a), by striking "and (e)" and inserting "(e), and (i)";

(2) by amending subsection (d) to read as follows:

"(d) In any case in which a loan is made with respect to honey under the honey price support loan program established under the Agricultural Act of 1949, or successor statute, the Secretary shall provide for the assessment to be deducted from the disbursement of any loan funds made to the producer and for the amount of such assessment to be forwarded to the Honey Board. The Secretary shall provide for the producer to receive a statement of the amount of the assessment deducted from the loan funds promptly after each occasion when an assessment is deducted from any such loan funds under this subsection.";

(3) in subsection (f), by inserting after "assessments" the following: ", and persons receiving an exemption from assessments under section 7(e)(2),";

(4) in subsection (h), by—

(A) striking "Any" and inserting "(1)(A) Except as otherwise provided in paragraph (2), any";

(B) striking "to importers" and inserting "an importer";

(C) striking "from importers" and inserting "from such importer"; and

(D) adding at the end the following:

"(B) A producer that has obtained a honey price support loan under the Agricultural Act of 1949, or successor statute, may obtain a refund if the producer has submitted to the Honey Board the statement received under subsection (d) of the amount of assessment deducted from the loan funds and has otherwise complied with this subsection, even though the loan with respect to which the assessment was collected may still be outstanding and final settlement has not been made.

"(2) With respect to the order in effect on the date of the enactment of this paragraph, following the referendum on such order required under section 13(b)(2), a producer or importer may obtain a refund of an assessment under such order as provided in paragraph (1) only if the Secretary determines that the proposal to terminate refunds under the order is defeated in such referendum."; and

(5) by inserting after subsection (h) the following:

"(i) If a first handler or the Secretary fails to collect an assessment from a producer under this section, the producer shall be responsible for the payment of the assessment to the Honey Board.".

SEC. 615. FIRST RECONFIRMATION REFERENDUM.

(a) IN GENERAL.—Section 13(b) of the Honey Research, Promotion, and Consumer Information Act (7 U.S.C. 4612) is amended by—

(1) striking "Five" and inserting "(1) Except as otherwise provided in paragraph (2), five";

(2) striking "continuation, termination," and inserting "termination"; and

(3) inserting at the end the following:

"(2)(A) In lieu of the first referendum otherwise required to be conducted under paragraph (1) for the order in effect on the date of the enactment of this paragraph, the Secretary shall conduct a referendum to determine if honey producers and importers favor—

"(i) the continuation of the order; and

"(ii) termination of the authority for producers and importers to obtain a refund of assessments under section 9(h)(1).

The referendum shall be conducted at the time the first referendum otherwise required under paragraph (1) would have been conducted, except for the operation of this paragraph.

"(B)(i) The Secretary shall terminate such order at the end of the marketing year during which such referendum is conducted, if the Secretary determines that termination of the order is approved or favored by not less than a majority of the producers and importers voting in the referendum and that the producers and importers comprising this majority produce and import more than 50 percent of the volume of honey produced and imported by those voting in the referendum.

"(ii) If the Secretary determines that termination of the authority for producers and importers to receive refunds of assessments under section 9(h)(1) is favored or approved by a majority of the producers and importers voting in such referendum and that the producers and importers comprising this majority produce and import more than 50 percent of the volume of honey produced and imported by those voting in the referendum, then the Secretary shall amend such order as necessary to reflect the vote of producers and importers. Such amendment to the order shall become effective on the date it is issued, but in no case more than 180 days after the conduct of such referendum.".

(b) CONFORMING AMENDMENT.—Section 13(d) of the Honey Research, Promotion, and Consumer Information Act (7 U.S.C. 4612) is amended by—

(1) striking "such order" and inserting "an order";

(2) inserting "in which a referendum is conducted under subsection (b) or (c)" after "marketing year"; and

(3) striking "of the order".

SEC. 616. INVESTIGATIONS AND POWER TO SUBPOENA.

The Honey Research, Promotion, and Consumer Information Act is amended by inserting after section 11 (7 U.S.C. 4610) the following new section:

"INVESTIGATIONS AND POWER TO SUBPOENA

"SEC. 11A. (a) IN GENERAL.—The Secretary may make such investigations as the Secretary deems necessary—

"(1) for the effective administration of this Act; or

"(2) to determine whether a person has engaged or is engaging in any act or practice that constitutes a violation of any provision of this Act, or of any order, rule, or regulation issued under this Act.

"(b) POWER TO SUBPOENA.—(1) INVESTIGATIONS.—For the purpose of an investigation made under subsection (a), the Secretary is authorized to administer oaths and affirmations and to issue a subpoena to require the production of any records that are relevant to the inquiry. The production of any such records may be required from any place in the United States.

"(2) ADMINISTRATIVE HEARINGS.—For the purpose of an administrative hearing held under section 10 or section 11, the presiding officer is authorized to administer oaths and affirmations, subpoena witnesses, compel their attendance, take evidence, and require the production of any records that are relevant to the inquiry. Such attendance of witnesses and the production of any such records may be required from any place in the United States.

"(c) AID OF COURTS.—In case of contumacy by, or refusal to obey a subpoena issued to, any person, the Secretary may invoke the aid of any court of the United States within the jurisdiction of which such investigation or proceeding is carried on, or where such person resides or carries on business, in order to enforce a subpoena issued by the Secretary under subsection (b). The court may issue an order requiring such person to comply with such a subpoena.

"(d) CONTEMPT.—Any failure to obey such order of the court may be punished by such court as a contempt thereof.

"(e) PROCESS.—Process in any such case may be served in the judicial district in which such person resides or conducts business or wherever such person may be found.

"(f) HEARING SITE.—The site of any hearings held under this section shall be within the judicial district where such person resides or has a principal place of business.".

SEC. 617. CONFORMING AMENDMENT TO ORDER.

Notwithstanding any provision of the Honey Research, Promotion, and Consumer Information Act (7 U.S.C. 4601 et seq.), the Secretary of Agriculture, after notice and opportunity for public comment, shall issue an amendment to the order in effect under such Act on the date of the enactment of this Act to conform such order to the amendments made by this title, which shall become effective on the date of the publication of such amendment to the order in the Federal Register without a referendum thereon (except for the referendum specifically provided for under section 05). The Secretary shall issue such amendment to the order in final form not later than 150 days after the date of the enactment of this Act.

TITLE VII—OILSEEDS

SEC. 701. OILSEED PRICE SUPPORT.

Effective only for the 1991 through 1995 crops of oilseeds, including soybeans, sunflower, canola, rapeseed, safflower, flaxseed, and mustard seed, section 201 of the Agricultural Act of 1949 (7 U.S.C. 1446) is amended by—

(1) inserting after "tung nuts," in the first sentence "oilseeds (including soybeans, sunflower, canola, rapeseed, safflower, flaxseed, and mustard seed)," and

(2) amending subsection (g) to read as follows:

"(g)(1)(A) The Secretary shall support the price of soybeans, sunflowers, canola, rapeseed, safflower, flaxseed, mustard seed, and any other oilseeds the Secretary may designate, through loans and purchases in each of the 1991 through 1995 marketing years as provided in this subsection.

"(B) Except as provided in paragraph (2), the level of price support —

"(i) in the case of the 1991 and 1992 crops of soybeans shall not be less than $5.25 per bushel; and

"(ii) in the case of the 1991 through 1995 crops of sunflower, canola, rapeseed, safflower, flaxseed, mustard seed, and other oilseeds the Secretary may designate, shall be set for each such oilseed at such level as the Secretary determines is fair and reasonable in relation to the level of price support available for soybeans, including any adjustment made pursuant to paragraph (2), but, except in the case of cottonseed, in no event less than the level established for soybeans on a per-pound basis for the same crop year.

"(2) In the case of each of the 1993 through 1995 crops of soybeans and other oilseeds for which a price support program is in effect under this subsection, if the Secretary estimates for the marketing year for such crop that the ratio of ending stocks of soybeans or such other oilseeds to total use for the marketing year will be—

"(A) more than 25 percent, the Secretary may reduce the level of price support determined under paragraph (1)(B) for soybeans or such other oilseeds for the marketing year by an amount not to exceed 5 percent in any year.

"(B) more than 20 percent but not more than 25 percent, the Secretary may not reduce the level of price support determined under paragraph (1)(B) for soybeans or such other oilseeds for the marketing year.

"(C) equal to or less than 20 percent, the Secretary shall increase the level of price support determined under paragraph (1)(B) for soybeans or such other oilseed for the marketing year by 5 percent in any year. In no case may the level of price support for the 1993 crop of soybeans be more than $5.40 per bushel.

Any change in the level of price support for soybeans or such other oilseed under this paragraph shall not be considered in determining such level of price support for subsequent years.

"(3)(A) If the Secretary adjusts the level of price support for soybeans or other oilseeds under paragraph (2), the Secretary shall submit to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate a report—

"(i) certifying such adjustment as necessary to prevent the build-up of stocks or to encourage production; and

"(ii) containing a description of the need for such adjustment.

"(B) Such adjustment shall become effective no earlier than 60 calendar days after the date of submission of such report to such committees.

"(4)(A) The Secretary shall permit a producer to repay a loan made under this subsection for any crop of soybeans, sunflower, canola, rapeseed, safflower, flaxseed, mustard seed, and other oilseeds that the Secretary may designate, at a level that is the lesser of—

"(i) the loan level determined for such crop; or

"(ii) the prevailing world market price for such crop, as determined by the Secretary.

"(B) The Secretary shall prescribe by regulation—

"(i) a formula to define the prevailing world market price for such crops; and

"(ii) a mechanism by which the Secretary shall periodically announce the prevailing world market price for such crops.

"(5)(A) The Secretary shall, for each of the 1991 through 1995 crops of soybeans, sunflower, canola, rapeseed, safflower, flaxseed, mustard seed, and other oilseeds the Secretary may designate, make payments available to producers who, although eligible to obtain a loan under paragraph (1), agree to forgo obtaining such loan in return for such payments.

"(B) A payment under this paragraph shall be computed by multiplying—

"(i) the loan payment rate; by

"(ii) the quantity of such crop that the producer is eligible to place under loan.

"(C) For purposes of this paragraph, the quantity of such crops eligible to be placed under loan may not exceed the product obtained by multiplying—

"(i) the individual farm acreage for such crops actually harvested; by

"(ii) the actual yield per harvested acre established for the farm.

"(D) For purposes of this paragraph, the loan payment rate shall be the amount by which—

"(i) the loan level determined for such crop under paragraph (1) exceeds

"(ii) the level at which a loan may be repaid under paragraph (4).

"(E)(i) The Secretary may make payments under this subsection available in the form of certificates redeemable for any agricultural commodity owned by the Commodity Credit Corporation.

"(ii) The Secretary shall make certificates available under clause (i) in such a manner so as to minimize the accumulation of oilseeds stocks.

"(6) For purposes of this subsection, the marketing year for—

"(A) soybeans, sunflower, or safflower is the 12-month period beginning on September 1 of the calendar year in which the crop of the commodity is harvested;

"(B) canola and rapeseed is the 12-month period beginning on May 1 of the calendar year in which the crop of the commodity is harvested; and

"(C) flaxseed, mustard seed, and any other oilseeds the Secretary may designate is such period as prescribed by the Secretary by regulation.

"(7)(A) The Secretary shall make a preliminary announcement of the support price for each crop—

"(i) of soybeans, sunflower, and safflower not later than November 1 preceding the beginning of the marketing year for the crop,

"(ii) of canola and rapeseed not later than July 1 preceding the beginning of the marketing year for the crop, and

"(iii) of flaxseed, mustard seed, and other oilseeds the Secretary may designate not later than 10 months preceding the beginning of the marketing year for such crop.

"(B) The Secretary shall make a final announcement of the level of price support for each crop of soybeans, sunflower, canola, rapeseed, safflower, flaxseed, mustard seed, and other oilseeds the Secretary may designate not later than 30 days after the beginning of the marketing year for such crop. The final support price may not be less than the support price provided for in the preliminary announcement.

"(8) Loans for each crop of soybeans, sunflower, canola, rapeseed, safflower, flaxseed, mustard seed, and other oilseeds the Secretary may designate shall be made available not earlier than the beginning of the marketing year for the crop and shall mature nine months from the date of the loan.

"(9) Notwithstanding any other provision of law the Secretary may not require participation in any production adjustment program for any commodity as a condition of eligibility for price support under this subsection.".

TITLE VIII—PEANUTS

SEC. 801. SUSPENSION OF MARKETING QUOTAS AND ACREAGE ALLOTMENTS.

The following provisions of the Agricultural Adjustment Act of 1938 shall not be applicable to the 1991 through 1995 crops of peanuts:

(1) Subsections (a) through (j) of section 358 (7 U.S.C. 1358(a)-(j)).

(2) Subsections (a) through (h) of section 358a (7 U.S.C. 1358a(a)-(h)).

(3) Subsections (a), (b), (d), and (e) of section 359 (7 U.S.C. 1359 (a), (b), (d), (e)).

(4) Part I of subtitle C of title III (7 U.S.C. 1361 et seq.).

(5) Section 371 (7 U.S.C. 1371).

SEC. 802. NATIONAL POUNDAGE QUOTA AND FARM POUNDAGE QUOTA.

Effective only for the 1991 through 1995 crops of peanuts, subsections (k) through (p) of section 358 of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1358(k) through (p)) are amended to read as follows:

"(k)(1) The national poundage quota for peanuts for each of the 1991 through 1995 marketing years shall be established by the Secretary at a level that is equal to the quantity of peanuts (in tons) that the Secretary estimates will be devoted in each such marketing year to domestic edible, seed, and related uses, except that the national poundage quota for any such marketing year shall not be less than 1,350,000 tons.

"(2) The national poundage quota for a marketing year shall be announced by the Secretary not later than December 15 preceding such marketing year.

"(l) The national poundage quota established under subsection (k) shall be apportioned among the States based upon the percentage of the national poundage quota allocated to farms in each such State for 1990.

"(m)(1)(A) A farm poundage quota for each of the 1991 through 1995 marketing years shall be established—

"(i) for each farm that had a farm poundage quota for peanuts for the 1990 marketing year;

"(ii) if the poundage quota apportioned to a State under subsection (l) for any such marketing year is larger than such quota for the immediately preceding marketing year, for each other farm on which peanuts were produced for marketing in at least 2 of the 3 immediately preceding crop years, as determined by the Secretary; and

"(iii) for institutions specified in section 358b, as approved and determined by the Secretary pursuant to that section.

"(B) The farm poundage quota for each of the 1991 through 1995 marketing years for each farm described in subparagraph (A)(i) of the preceding sentence shall be the same as the farm poundage quota for such farm for the immediately preceding marketing year, as adjusted under paragraph (2), but not including—

"(i) any increases for undermarketings from previous years; or

"(ii) any increases resulting from the allocation of quotas voluntarily released for 1 year under paragraph (9).

The farm poundage quota, if any, for each of the 1991 through 1995 marketing years for each farm described in subparagraph (A)(ii) shall be equal to the poundage quota allocated to such farm for such year under paragraph (2)(A).

"(C) For purposes of this paragraph, if the farm poundage quota, or any part thereof, is permanently transferred in accordance with section 358a, the receiving farm shall be considered as possessing the farm poundage quotas (or portion thereof) of the transferring farm for all subsequent marketing years.

"(2)(A) Except as provided in paragraph (3), if the poundage quota apportioned to a State under subsection (l) for any of the 1991 through 1995 marketing years is increased over the poundage quota apportioned to the State for the immediately preceding marketing year, such increase shall be allocated proportionately, based on farm production history for the 3 immediately preceding years, among—

"(i) all farms in the State for which a farm poundage quota was established for the marketing year immediately preceding the marketing year for which the allocation is being made; and

"(ii) all other farms in the State on which peanuts were produced in at least 2 of the 3 immediately preceding crop years, as determined by the Secretary.

"(B) If the poundage quota apportioned to a State under subsection (l) for any of the 1991 through 1995 marketing years is decreased from the poundage quota apportioned to the State under such subsection for the immediately preceding marketing year, such decrease shall be allocated among all the farms in the State for which a

farm poundage quota was established for such immediately preceding marketing year.

"(3)(A) Notwithstanding the foregoing provisions of this subsection, in the case of the State of Texas only and subject to terms and conditions prescribed by the Secretary, beginning with the 1991 marketing year 33 percent of the increased poundage quota referred to in paragraph (2)(A) for any year (hereafter in this section referred to as the 'reserve share') shall be allocated according to this paragraph.

"(B) The Secretary shall distribute the reserve share to counties in which the production of additional peanuts exceeded the total poundage quota allocated to farms in such counties for the 1989 marketing year (hereafter in this paragraph referred to as 'eligible counties'). The amount of such reserve share distributed to each eligible county shall be proportional to—

"(i)(I) the total additional peanuts produced in such eligible county for the 1988 crop; divided by

"(II) the total amount of additional peanuts produced in all such eligible counties for the 1988 crop; multiplied by

"(ii) the reserve share.

"(C) In the case of eligible counties where more than 10,000 tons of poundage quota was allocated to all farms in the county for the 1989 marketing year, the total poundage quota distributed to any such county under this paragraph and paragraph (8) shall not increase the total poundage quota allocated to all farms in such county to a level of more than 100 percent of the total poundage quota allocated to farms in such county for the 1989 marketing year. In the event the amount of total poundage quota allocated to all farms in any such county is increased to 100 percent of the total poundage quota allocated to all farms in such county for the 1989 marketing year, the remainder of the reserve share distributed to such county shall be redistributed to other eligible counties in accordance with subparagraph (B).

"(D) The portion of reserve share distributed to each eligible county under this paragraph shall be allocated in accordance with subparagraph (E) within such county only to farms (hereafter in this paragraph referred to as 'eligible farms')—

"(i) having a poundage quota for the 1990 marketing year; and

"(ii) from which additional peanuts were delivered under contract with handlers for the marketing year immediately preceding the marketing year for which the allocation is being made.

"(E) The portion of reserve share distributed to each eligible county shall be allocated among eligible farms in each such county on the following basis:

"(i) A factor shall be established for each eligible farm by dividing the amount of additional peanuts contracted and delivered to handlers from the farm by the total amount of remaining peanuts produced on such farm for the marketing year immediately preceding the marketing year for which the allocation is being made.

"(ii) Each eligible farm shall be entitled to that proportion of the reserve share as its factor bears to the total of such factors for all eligible farms in such county.

"(F) The remaining 67 percent of such increased poundage quota referred to in paragraph (2)(A) shall be allocated to farms pursuant to paragraph (2)(A).

"(4)(A) Insofar as practicable and on such fair and equitable basis as the Secretary may by regulation prescribe, the farm poundage quota established for a farm for any of the 1991 through 1995 marketing years shall be reduced to the extent that the Secretary determines that the farm poundage quota established for the farm for any 2 of the 3 marketing years preceding the marketing year for which the determination is being made was not produced, or considered produced, on the farm.

"(B) For the purposes of this paragraph, the farm poundage quota for any such preceding marketing year shall not include—

"(i) any increases for undermarketing of quota peanuts from previous years; or

"(ii) any increase resulting from the allocation of quotas voluntarily released for one year under paragraph (9).

"(5) For purposes of this subsection, the farm poundage quota shall be considered produced on a farm for a particular marketing year if—

"(A) the farm poundage quota was not produced on the farm because of drought, flood, or any other natural disaster, or any other condition beyond the control of the producer, as determined by the Secretary;

"(B) the farm poundage quota for the farm was released voluntarily under paragraph (9) for only 1 of the 3 immediately preceding marketing years; or

"(C) the farm poundage quota or any portion thereof was leased to another owner or operator of a farm within the same county for transfer to such farm for only 1 of the 3 immediately preceeding years.

"(6)(A) The farm poundage quota established for a farm under this subsection, or any part of such quota, may be permanently released by the owner of the farm, or the operator with the permission of the owner.

"(B) The poundage quota for the farm for which such quota is released shall be adjusted downward to reflect the quota that is so released.

"(7)(A) Except as provided in subparagraph (B) and paragraph (8), the total amount of the farm poundage quotas reduced or permanently released from farms in a State for any marketing year under paragraphs (4) and (6) shall be allocated proportionately, based on farm production history for the 3 immediately preceding years, to other farms in the State on which peanuts were produced in at least 2 of such years.

"(B)(i) Subject to clause (ii) the Secretary shall allocate to each farm for which no poundage quota was established for the immediately preceding year's crop an amount of quota from the total amount of farm poundage quota reduced or permanently released in the State equal to such farm's average production for the 3 immediately preceeding years during which peanuts were produced on such farm.

"(ii) The Secretary shall allocate under clause (i) a maximum of 25 percent of the total amount of farm poundage quota reduced or permanently released in the State to such farms and if the sum of such average production for such farms exceeds this maximum the Secretary shall allocate such maximum to such farms in proportion to such average production for the 3 immediately preceeding years during which peanuts were produced on such farm.

"(8)(A) In the case of the State of Texas only and subject to terms and conditions prescribed by the Secretary, beginning with the 1991 marketing year, the farm poundage quota reduced from farms in the State of Texas as provided in paragraph (4), except the percent allocated to new farms as provided in paragraph (7), (hereafter in this section referred to as the 'release share'), shall be allocated according to this paragraph to other farms that had a peanut quota for the 1990 marketing year.

"(B) The Secretary shall distribute the release share to counties in which the production of additional peanuts exceeded the total poundage quota allocated to farms in such counties for the 1989 marketing year (hereafter in this paragraph referred to as 'eligible counties'). The amount of such release share distributed to each eligible county shall be proportional to—

"(i)(I) the total additional peanuts produced in such eligible county for the 1988 crop; divided by

"(II) the total amount of additional peanuts produced in all such eligible counties for the 1988 crop; multiplied by

"(ii) the release share.

"(C) In the case of eligible counties where more than 10,000 tons of poundage quota was allocated to all farms in the county for the 1989 marketing year, the total poundage quota distributed to any such county under this paragraph and paragraph (3) shall not increase the total poundage quota allocated to all farms in such county to a level of more than 100 percent of the total poundage quota allocated to farms in such county for the 1989 marketing year. In the event the amount of total poundage quota allocated to all farms in any such county is increased to 100 percent of the total poundage quota allocated to all farms in such county for the 1989 marketing year, the remainder of the release share distributed to such county shall be redistributed to other eligible counties in accordance with subparagraph (B).

"(D) The portion of release share distributed to each eligible county under this paragraph shall be allocated in accordance with subparagraph (E) within such county only to farms (hereafter in this paragraph referred to as 'eligible farms')—

"(i) having a poundage quota for the 1990 marketing year; and

"(ii) from which additional peanuts were delivered under contract with handlers for the marketing year immediately preceding the marketing year for which the allocation is being made.

"(E) The portion of release share distributed to each eligible county shall be allocated among eligible farms in each such county on the following basis:

"(i) A factor shall be established for each eligible farm by dividing the amount of additional peanuts contracted and delivered to handlers from the farm by the total amount of remaining peanuts produced on such farm for the marketing year immediately preceding the marketing year for which the allocation is being made.

"(ii) Each eligible farm shall be entitled to that proportion of the release share as its factor bears to the total of such factors for all eligible farms in such county.

"(9)(A) The farm poundage quota, or any portion thereof, established for a farm for a marketing year may be voluntarily released to the Secretary to the extent that such quota, or any part thereof, will not be produced on the farm for the marketing year. Any farm poundage quota so released in a State shall be allocated to other farms in the State on such basis as the Secretary may by regulation prescribe.

"(B) Any adjustment in the poundage quota for a farm under subparagraph (A) shall be effective only for the marketing year for which it is made and shall not be taken into consideration in establishing a farm poundage quota for the farm from which such quota was released for any subsequent marketing year.

"(10)(A) Except as provided in subparagraph (B), the poundage quota for a farm for any marketing year shall be increased by the number of pounds by which the total marketings of quota peanuts from the farm during previous marketing years (excluding any marketing year before the marketing year for the 1989 crop) were less than the total amount of applicable farm poundage quotas (disregarding adjustments for undermarketings from previous marketing years) for such marketing years.

"(B) For purposes of subparagraph (A), no increase for undermarketings in previous marketing years shall be made to the poundage quota for any farm to the extent that the poundage quota for such farm for the marketing year was reduced under paragraph (4) for failure to produce.

"(C) Any increases in farm poundage quotas under this paragraph shall not be counted against the national poundage quota for the marketing year involved.

"(D) Any increase in the farm poundage quota for a farm for a marketing year under this paragraph may be used during the marketing year by the transfer of additional peanuts produced on the farm to the quota loan pool for pricing purposes on such basis as the Secretary shall by regulation prescribe.

"(11) Notwithstanding the foregoing provisions of this subsection, if the total of all increases in individual farm poundage quotas under paragraph (10) exceeds 10 percent of the national poundage quota for the marketing year in which such increases shall be applicable, the Secretary shall adjust such increases so that the total of all such increases does not exceed 10 percent of the national poundage quota.

"(n)(1) For each farm for which a farm poundage quota is established under subsection (m), and when necessary for purposes of this Act, an average farm yield of peanuts shall be determined for each such farm.

"(2) Such yield shall be equal to the average of the actual yield per acre on the farm for each of the 3 crop years in which yields were highest on the farm out of the 5 crop years 1973 through 1977.

"(3) If peanuts were not produced on the farm in at least 3 years during such 5-year period or there was a substantial change in the operation of the farm during such period (including, but not limited to, a change in operator, lessee who is an operator, or irrigation practices), the Secretary shall have a yield appraised for the farm. The appraised yield shall be that amount determined to be fair and reasonable on the basis of yields established for similar farms that are located in the area of the farm and on which peanuts were produced, taking into consideration land, labor, and equipment available for the production of peanuts, crop rotation practices, soil and water, and other relevant factors.

"(o)(1) Not later than December 15 of each calendar year, the Secretary shall conduct a referendum of producers engaged in the production of quota peanuts in the calendar year in which the referendum is held to determine whether such producers are in favor of or opposed to poundage quotas with respect to the crops of peanuts produced in the five calendar years immediately following the year in which the referendum is held, except that, if as many as two-thirds of the producers voting in any referendum vote in favor of poundage quotas, no referendum shall be held with respect to quotas for the second, third, fourth, and fifth years of the period.

"(2) The Secretary shall proclaim the result of the referendum within 30 days after the date on which it is held.

"(3) If more than one-third of the producers voting in the referendum vote against quotas, the Secretary also shall proclaim that poundage quotas will not be in effect with respect to the crop of peanuts produced in the calendar year immediately following the calendar year in which the referendum is held.

"(p) For the purposes of this part and title I of the Agricultural Act of 1949:

"(1) The term 'additional peanuts' means, for any marketing year—

"(A) any peanuts that are marketed from a farm for which a farm poundage quota has been established and that are in excess of the marketings of quota peanuts from such farm for such year; and

"(B) all peanuts marketed from a farm for which no farm poundage quota has been established in accordance with subsection (m).

"(2) The term 'crushing' means the processing of peanuts to extract oil for food uses and meal for feed uses, or the processing of peanuts by crushing or otherwise when authorized by the Secretary.

"(3) The term 'domestic edible use' means use for milling to produce domestic food peanuts (other than those described in paragraph (2)), seed, and use on a farm, except that the Secretary may exempt from this definition seeds of peanuts that are used to produce peanuts excluded under section 359(c), are unique strains, and are not commercially available.

"(4) The term 'quota peanuts' means, for any marketing year, any peanuts produced on a farm having a farm poundage quota, as determined in subsection (m), that—

"(A) are eligible for domestic edible use as determined by the Secretary;

"(B) are marketed or considered marketed from a farm; and

"(C) do not exceed the farm poundage quota of such farm for such year.".

SEC. 803. SALE, LEASE, OR TRANSFER OF FARM POUNDAGE QUOTA.

Effective only for the 1991 through 1995 crops of peanuts, subsections (i) and (j) of section 358a of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1358a) are amended to read as follows:

"(i)(1) Subject to such terms, conditions, or limitations as the Secretary may prescribe, the owner, or the operator with permission of the owner, of any farm for which a farm poundage quota has been established under this Act may sell or lease all or any part of such poundage quota to any other owner or operator of a farm within the same county for transfer to such farm, except that any such lease of poundage quota may be entered into in the fall or after the normal planting season only—

"(A) if not less than 90 percent of the farm quota exclusive of undermarketings and temporary quota transfers, plus any poundage quota transferred to the farm under this subsection, has been planted or considered planted on the farm from which the quota is to be leased; and

"(B) under such terms and conditions as the Secretary may by regulation prescribe.

In the case of a fall transfer or a transfer after the normal planting season by a cash lessee, the landowner shall not be required to sign the transfer authorization. A fall transfer or transfer after the normal planting season may be made not later than 72 hours after the peanuts that are the subject of the transfer are inspected and graded.

"(2) The owner or operator of a farm may transfer all or any part of the farm poundage quota for such farm to any other farm owned or controlled by such owner or operator that is in the same county or in a county contiguous to such county in the same State and that had a farm poundage quota for the preceding year's crop. Any farm poundage quota transferred under this paragraph shall not result in any reduction in the farm poundage quota for the transferring farm if such transferred quota is produced or considered produced on the receiving farm.

"(3) Notwithstanding paragraphs (1) and (2), in the case of any State for which the poundage quota opportioned to the State was less than 10,000 tons for the preceding year's crop, all or any part of a farm poundage quota may be transferred by sale or lease or otherwise from a farm in one county to a farm in another county in the same State.

"(j) Transfers (including transfer by sale or lease) of farm poundage quotas under this section shall be subject to all of the following conditions:

"(1) No transfer of the farm poundage quota from a farm subject to a mortgage or other lien shall be permitted unless the transfer is agreed to by the lienholders.

"(2) No transfer of the farm poundage quota shall be permitted if the local county committee established under section 8(b) of the Soil Conservation and Domestic Allotment Act (hereafter in this section referred to as the 'county committee') determines that the receiving farm does not have adequate tillable cropland to produce the transferred farm poundage quota.

"(3) No transfer of the farm poundage quota shall be effective until a record thereof is filed with the county committee of the county to which such transfer

is made and such committee determines that the transfer complies with this section.

"(4) Such other terms and conditions that the Secretary may by regulation prescribe.".

SEC. 804. MARKETING PENALTIES; DISPOSITION OF ADDITIONAL PEANUTS.

Effective only for the 1991 through 1995 crops of peanuts, subsections (f) through (l) of section 359 of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1359) are amended to read as follows:

"(f)(1)(A) The marketing of any peanuts for domestic edible use in excess of the farm poundage quota for the farm on which such peanuts are produced shall be subject to penalty at a rate equal to 140 percent of the support price for quota peanuts on the quantity of such excess amount of peanuts for the marketing year in which such marketing occurs.

"(B) For purposes of this section, the marketing year for peanuts shall be the 12-month period beginning August 1 and ending July 31.

"(C) The marketing of any additional peanuts from a farm shall be subject to the same penalty unless such peanuts, in accordance with regulations established by the Secretary, are—

"(i) placed under loan at the additional loan rate in effect for such peanuts under section 108B of the Agricultural Act of 1949 and not redeemed by the producers;

"(ii) marketed through an area marketing association designated pursuant to section 108A(c)(1) of the Agricultural Act of 1949 (7 U.S.C. 1445 c-1(c)(1)); or

"(iii) marketed under contracts between handlers and producers pursuant to subsection (j).

"(2) Such penalty shall be paid by the person who buys or otherwise acquires the peanuts from the producer or, if the peanuts are marketed by the producer through an agent, the penalty shall be paid by such agent. Such person or agent may deduct an amount equivalent to the penalty from the price paid to the producer.

"(3) If the person required to collect the penalty fails to collect such penalty, such person and all persons entitled to share in the peanuts marketed from the farm or the proceeds thereof shall be jointly and severally liable for the amount of the penalty.

"(4) Peanuts produced in a calendar year in which farm poundage quotas are in effect for the marketing year beginning therein shall be subject to such quotas even though the peanuts are marketed prior to the date on which such marketing year begins.

"(5) If any producer falsely identifies or fails to certify planted acres or fails to account for the disposition of any peanuts produced on such planted acres, an amount of peanuts equal to the farm's average yield, as determined under section 358(n), times the planted acres, shall be deemed to have been marketed in violation of permissible uses of quota and additional peanuts. Any penalty payable under this paragraph shall be paid and remitted by the producer.

"(6) The Secretary shall authorize, under such regulations as the Secretary shall issue, the county committees established under section 8(b) of the Soil Conservation and Domestic Allotment Act to waive or reduce marketing penalties provided for under this subsection in cases in which such committees determine that the violations that were the basis of the penalties were unintentional or without knowledge on the part of the parties concerned.

"(7) Errors in weight that do not exceed one-tenth of 1 percent in the case of any one marketing document shall not be considered to be marketing violations except in cases of fraud or conspiracy.

"(g)(1) Only quota peanuts may be retained for use as seed or for other uses on a farm. When so retained, quota peanuts shall be considered as marketings of quota peanuts, except that the Secretary may exempt from consideration as marketings of quota peanuts seeds of peanuts that are used to produce peanuts excluded under subsection (c), are unique strains, and are not commercially available.

"(2) Additional peanuts shall not be retained for use on a farm and shall not be marketed for domestic edible use, except as provided in subsection (k).

"(3) Seed for planting of any peanut acreage in the United States shall be obtained solely from quota peanuts marketed or considered marketed for domestic edible use.

"(h) On a finding by the Secretary that the peanuts marketed from any crop for domestic edible use by a handler are larger in quantity or higher in grade or quality than the peanuts that could reasonably be produced from the quantity of peanuts having the grade, kernel content, and quality of the quota peanuts acquired by such

handler from such crop for such marketing, such handler shall be subject to a penalty equal to 140 percent of the loan level for quota peanuts on the quantity of peanuts that the Secretary determines are in excess of the quantity, grade, or quality of the peanuts that could reasonably have been produced from the peanuts so acquired.

"(i)(1) Except as provided in paragraph (2), the Secretary shall require that the handling and disposal of additional peanuts be supervised by agents of the Secretary or by area marketing associations designated pursuant to section 108A(c)(1) of the Agricultural Act of 1949 (7 U.S.C. 1445c-1(c)(1)).

"(2)(A) Supervision of the handling and disposal of additional peanuts by a handler shall not be required under paragraph (1) if the handler agrees in writing, prior to any handling or disposal of such peanuts, to comply with regulations that the Secretary shall issue.

"(B) The regulations issued by the Secretary under subparagraph (A) shall include, but need not be limited to, the following provisions:

"(i) Handlers of shelled or milled peanuts may export or crush peanuts classified by type in all of the following quantities:

"(I) Sound split kernel peanuts purchased by the handler as additional peanuts to which a mandated deduction with respect to the price paid to the producer of such peanuts is applied due to the percentage of such sound splits.

"(II) Sound mature kernel peanuts (which term includes sound split kernel peanuts and sound whole kernel peanuts) in an amount equal to the poundage of such peanuts purchased by the handler as additional peanuts less the total poundage of sound split kernel peanuts described in subclause (I).

"(III) The remaining quantity of total kernel content of peanuts purchased by the handler as additional peanuts.

"(ii) Handlers shall ensure that any additional peanuts exported or crushed are evidenced by onboard bills of lading or other appropriate documentation as may be required by the Secretary, or both.

"(iii) If a handler suffers a loss of peanuts as a result of fire, flood, or any other condition beyond the control of the handler, the portion of such loss allocated to contracted additional peanuts shall not be greater than the portion of the handler's total peanut purchases for the year attributable to contracted additional peanuts purchased for export or crushing by the handler during such year.

"(iv)(I) The obligation of a handler to export or crush peanuts in quantities described in this subparagraph shall be reduced by a shrinkage allowance, to be determined by the Secretary, to reflect actual dollar value shrinkage experienced by handlers in commercial operations, except that such allowance shall not be less than 4 percent, except as provided in sub-clause (II).

"(II) The Secretary may provide a lower shrinkage allowance for a handler who fails to comply with restrictions on the use of peanuts, as may be specified by the Commodity Credit Corporation, to take into account common industry practices.

"(3) A handler shall submit to the Secretary adequate financial guarantees, as well as evidence of adequate facilities and assets, to ensure the handler's compliance with the obligation to export or crush peanuts.

"(4) Quota and additional peanuts of like type and segregation or quality may, under regulations issued by the Secretary, be commingled and exchanged on a dollar value basis to facilitate warehousing, handling, and marketing.

"(5)(A) Except as provided in subparagraph (B), the failure of a handler to comply with regulations issued by the Secretary governing the disposition and handling of additional peanuts shall subject the handler to a penalty equal to 140 percent of the loan level for quota peanuts on the quantity of peanuts involved in such failure to comply.

"(B) A handler shall not be subject to a penalty for failure to export or crush additional peanuts if such peanuts were not delivered to the handler

"(6) If any additional peanuts exported by a handler are reentered into the United States in commercial quantities as determined by the Secretary, the importer thereof shall be subject to a penalty equal to 140 percent of the loan level for quota peanuts on the quantity of peanuts reentered.

"(j)(1) Handlers may, under such regulations as the Secretary may issue, contract with producers for the purchase of additional peanuts for crushing, export, or both.

"(2)(A) Any such contract shall be completed and submitted to the Secretary (or if designated by the Secretary, the area marketing association) for approval before August 1 of the year in which the crop is produced.

"(B) Such contract shall be executed on a form prescribed by the Secretary. The form shall require such information as the Secretary determines appropriate to ensure the proper handling of such additional peanuts, including the identity of the contracting parties, the poundage and category of the peanuts, the disclosure of any liens on such peanuts, and the intended disposition of the peanuts.

"(C) Notwithstanding any other provision of this section, any person wishing to handle and process additional peanuts as a handler shall submit to the Secretary (or if designated by the Secretary, the area marketing association), such information as may be required under subsection (i) by such date as prescribed by the Secretary so as to permit final action to be taken on the application by July 1 of each marketing year.

"(3) Each such contract shall contain the final price to be paid by the handler for the peanuts involved and a specific prohibition against the disposition of such peanuts for domestic edible or seed use.

"(4) Notwithstanding any other provision of this Act, if the President issues a proclamation under section 22 of the Agricultural Adjustment Act temporarily suspending restrictions on, or increasing any quota for, the importation of peanuts, the Secretary shall permit a handler, subject to such terms and conditions as the Secretary may prescribe, with the written consent of the producer, to purchase additional peanuts from any producer who contracted with the handler and to offer such peanuts for sale for domestic edible, seed or related uses.

"(k)(1) Subject to section 407 of the Agricultural Act of 1949 (7 U.S.C. 1427), any peanuts owned or controlled by the Commodity Credit Corporation may be made available for domestic edible use, in accordance with regulations issued by the Secretary, so long as doing so does not result in substantially increased cost to the Commodity Credit Corporation. Additional peanuts received under loan shall be offered for sale for domestic edible use at prices not less than those required to cover all costs incurred with respect to such peanuts for such items as inspection, warehousing, shrinkage, and other expenses, plus—

"(A) not less than 100 percent of the loan value of quota peanuts if the additional peanuts are sold and paid for during the harvest season on delivery by and with the written consent of the producer;

"(B) not less than 105 percent of the loan value of quota peanuts if the additional peanuts are sold after delivery by the producer but not later than December 31 of the marketing year; or

"(C) not less than 107 percent of the loan value of quota peanuts if the additional peanuts are sold later than December 31 of the marketing year.

"(2)(A) Except as provided in subparagraph (B), for the period from the date additional peanuts are delivered for loan to March 1 of the calendar year following the year in which such additional peanuts were harvested, the area marketing association designated pursuant to section 108A(c)(1) of the Agricultural Act of 1949 (7 U.S.C. 1445c-1(c)(1)) shall have sole authority to accept or reject lot list bids when the sales price, as determined under this subsection, equals or exceeds the minimum price at which the Commodity Credit Corporation may sell its stocks of additional peanuts.

"(B) The area marketing association and the Commodity Credit Corporation may agree to modify the authority granted by subparagraph (A) to facilitate the orderly marketing of additional peanuts.

"(l)(1) The person liable for payment or collection of any penalty provided for in this section shall be liable also for interest thereon at a rate per annum equal to the rate per annum of interest that was charged the Commodity Credit Corporation by the Treasury of the United States on the date such penalty became due.

"(2) This section shall not apply to peanuts produced on any farm on which the acreage harvested for nuts is one acre or less if the producers who share in the peanuts produced on such farm do not share in the peanuts produced on any other farm.

"(3) Until the amount of the penalty provided by this section is paid, a lien on the crop of peanuts with respect to which such penalty is incurred, and on any subsequent crop of peanuts subject to farm poundage quotas in which the person liable for payment of the penalty has an interest, shall be in effect in favor of the United States.

"(4)(A) Notwithstanding any other provision of law, the liability for and the amount of any penalty assessed under this section shall be determined in accordance with such procedures as the Secretary by regulation may prescribe. The facts

constituting the basis for determining the liability for or amount of any penalty assessed under this section, when officially determined in conformity with the applicable regulations prescribed by the Secretary, shall be final and conclusive and shall not be reviewable by any other officer or agency of the Government.

"(B) Nothing in this section shall be construed as prohibiting any court of competent jurisdiction from reviewing any determination made by the Secretary with respect to whether such determination was made in conformity with the applicable law and regulations.

"(C) All penalties imposed under this section shall for all purposes be considered civil penalties.

"(5)(A) Notwithstanding any other provision of law and except as provided in subparagraph (B), the Secretary may reduce the amount of any penalty assessed against handlers under this section by any appropriate amount, including, in an appropriate case, reducing the penalty to zero, if the Secretary finds that the violation on which the penalty is based was minor or inadvertent, and that the reduction of the penalty will not impair the operation of the peanut program.

"(B) The amount of any penalty imposed on a handler under this section that resulted from the failure to export contracted additional peanuts may not be reduced by the Secretary.".

SEC. 805. PRICE SUPPORT PROGRAM.

Effective only for the 1991 through 1995 crops of peanuts, section 108A of the Agricultural Act of 1949 (7 U.S.C. 1445c-1) is amended to read as follows:

"PRICE SUPPORT FOR 1991 THROUGH 1995 CROPS OF PEANUTS

"SEC. 108A. (a)(1) The Secretary shall make price support available to producers through loans, purchases, and other operations on quota peanuts for each of the 1991 through 1995 crops.

"(2) The national average quota support rate for each of the 1991 through 1995 crops of quota peanuts shall be the national average quota support rate for the immediately preceding crop, adjusted to reflect any increase, during the calendar year immediately preceding the marketing year for the crop for which a level of support is being determined, in the national average cost of peanut production, excluding any change in the cost of land, except that in no event shall the national average quota support rate for any such crop exceed by more than 6 percent the national average quota support rate for the preceding crop.

"(3) The levels of support so announced shall not be reduced by any deductions for inspection, handling, or storage.

"(4) The Secretary may make adjustments for location of peanuts and such other factors as are authorized by section 403.

"(5) The Secretary shall announce the level of support for quota peanuts of each crop not later than February 15 preceding the marketing year for the crop for which the level of support is being determined.

"(b)(1) The Secretary shall make price support available to producers through loans, purchases, or other operations on additional peanuts for each of the 1991 through 1995 crops at such levels as the Secretary finds appropriate, taking into consideration the demand for peanut oil and peanut meal, expected prices of other vegetable oils and protein meals, and the demand for peanuts in foreign markets, except that the Secretary shall set the support rate on additional peanuts at a level estimated by the Secretary to ensure that there are no losses to the Commodity Credit Corporation on the sale or disposal of such peanuts.

"(2) The Secretary shall announce the level of support for additional peanuts of each crop not later than February 15 preceding the marketing year for the crop for which the level of support is being determined.

"(c)(1)(A) In carrying out subsection (a) and (b), the Secretary shall make warehouse storage loans available in each of the three producing areas (described in section 1446.60 of title 7 of the Code of Federal Regulations (January 1, 1985)) to a designated area marketing association of peanut producers that is selected and approved by the Secretary and that is operated primarily for the purpose of conducting such loan activities. The Secretary may not make warehouse storage loans available to any cooperative that is engaged in operations or activities concerning peanuts other than those operations and activities specified in this section and section 359 of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1359).

"(B) Such area marketing associations shall be used in administrative and supervisory activities relating to price support and marketing activities under this section and section 359 of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1359).

"(C) Loans made under this paragraph shall include, in addition to the price support value of the peanuts, such costs as the area marketing association reasonably may incur in carrying out its responsibilities, operations, and activities under this section and section 359 of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1359).

"(2)(A) The Secretary shall require that each area marketing association establish pools and maintain complete and accurate records by area and segregation for quota peanuts handled under loan and for additional peanuts placed under loan, except that separate pools shall be established for Valencia peanuts produced in New Mexico. Bright hull and dark hull Valencia peanuts shall be considered as separate types for the purpose of establishing such pools.

"(B) Net gains on peanuts in each pool, unless otherwise approved by the Secretary, shall be distributed only to producers who placed peanuts in the pool and shall be distributed in proportion to the value of the peanuts placed in the pool by each producer. Net gains for peanuts in each pool shall consist of the following:

"(i) For quota peanuts, the net gains over and above the loan indebtedness and other costs or losses incurred on peanuts placed in such pool plus an amount from all additional pool gains equal to any loss on disposition of all peanuts in the pool for quota peanuts.

"(ii) For additional peanuts, the net gains over and above the loan indebtedness and other costs or losses incurred on peanuts placed in the pool for additional peanuts less any amount allocated to offset any loss on the pool for quota peanuts as provided in clause (i).

"(d) Notwithstanding any other provision of this section:

"(1) Any distribution of net gains on additional peanuts (other than net gains on additional peanuts in separate type pools established under subsection (c)(2)(A) for Valencia peanuts produced in New Mexico) shall be first reduced to the extent of any loss by the Commodity Credit Corporation on quota peanuts placed under loan.

"(2)(A) The proceeds due any producer from any pool shall be reduced by the amount of any loss that is incurred with respect to peanuts transferred from an additional loan pool to a quota loan pool under section 358(m)(10) of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1358 (m)(10)).

"(B) Losses in area quota pools, other than losses incurred as a result of transfers from additional loan pools to quota loan pools under section 358(m)(10) of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1358 (m)(10)), shall be offset by any gains or profits from pools in other production areas (other than separate type pools established under subsection (c)(2)(A) for Valencia peanuts produced in New Mexico) in such manner as the Secretary shall by regulation prescribe.

"(e) Notwithstanding any other provision of law, no price support may be made available by the Secretary for any crop of peanuts with respect to which poundage quotas have been disapproved by producers, as provided for in section 358(o) of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1358(o).".

SEC. 806. REPORTS AND RECORDS.

Effective only for the 1991 through 1995 crops of peanuts, the first sentence of section 373(a) of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1373(a)) is amended by inserting before "all brokers and dealers in peanuts" the following: "all producers engaged in the production of peanuts,".

SEC. 807. SUSPENSION OF CERTAIN PRICE SUPPORT PROVISIONS.

Section 101 of the Agricultural Act of 1949 (7 U.S.C. 1441) shall not be applicable to the 1991 through 1995 crops of peanuts.

SEC. 808. EXPERIMENTAL AND RESEARCH PROGRAMS FOR PEANUTS.

Effective only for the 1991 through 1995 crops of peanuts, the Agricultural Adjustment Act of 1938 is amended by inserting after section 358a the following:

"QUOTA FOR RESEARCH

"SEC. 358b. Notwithstanding any other provision of this Act, the Secretary may permit a portion of the poundage quota for peanuts apportioned to any State to be allocated from such State's quota reserve to land-grant institutions identified in the Act of May 8, 1914 (7 U.S.C. 341 et seq.), and colleges eligible to receive funds under the Act of August 30, 1890 (7 U.S.C. 321-326 and 328), including Tuskegee Institute and, as appropriate, the Agricultural Research Service of the Department of Agriculture to be used for experimental and research purposes in an amount equal to that amount of quota held by each such institution during 1985 up to one tenth of one percent of such State's basic quota. The responsibility for complying with the

duties of the farm operator with respect to the production of such quota peanuts shall be vested in the director of the Agricultural Experiment Station for the State.".

SEC. 809. CONFORMING CHANGES.

Section 8b of the Agricultural Adjustment Act (7 U.S.C. 608b), reenacted with amendments by the Agricultural Marketing Agreement Act of 1937, is amended in subsection (b)(2) by striking "section 108B of".

TITLE IX—WHEAT

SEC. 901. LOAN RATES, TARGET PRICES, DISASTER PAYMENTS, ACREAGE LIMITATION PROGRAM, AND LAND DIVERSION FOR THE 1991 THROUGH 1995 CROPS OF WHEAT.

Effective only for the 1991 through 1995 crops of wheat, section 107A of the Agricultural Act of 1949 (7 U.S.C. 1445b) is amended to read as follows:

"SEC. 107A. ANNUAL PROGRAM FOR 1991 THROUGH 1995 CROPS OF WHEAT.

"(a) LOANS AND PURCHASES.—(1) IN GENERAL.—Except as provided in paragraphs (2), (3), and (4), the Secretary shall make available to producers loans and purchases for each of the 1991 through 1995 crops of wheat at such level as the Secretary determines will maintain the competitive relationship of wheat to other grains in domestic and export markets after taking into consideration the cost of producing wheat, supply and demand conditions, and world prices for wheat.

"(2) MINIMUM LOAN AND PURCHASE LEVEL.—(A) 1991 CROP TRANSITION RULE.—From June 1, 1991 to September 30, 1991, the loan and purchase level for the 1991 crop of wheat shall be not less than $1.93 per bushel. Beginning October 1, 1991, the Secretary shall make available to producers who pledged 1991 crop wheat as collateral for a price support loan, or whose 1991 crop wheat was purchased by the Secretary, at the $1.93 level an increase in the loan or purchase amount such that the loan and purchase level is equal to the level described in subparagraph (B).

"(B) 1991 THROUGH 1995 CROPS.—Except as provided in subparagraph A and paragraphs (3) and (4), the loan and purchase level determined under paragraph (1) shall not be less than 85 percent of the simple average price received by producers of wheat, as determined by the Secretary, during the marketing years for the immediately preceding 5 crops of wheat, excluding the year in which the average price was the highest and the year in which the average price was the lowest in such period, except that the loan and purchase level for a crop determined under this paragraph may not be reduced by more than 5 percent from the level determined for the preceding crop.

"(3) ADJUSTMENTS TO SUPPORT LEVEL.—(A) STOCKS TO USE RATIO.—If the Secretary estimates for any marketing year that the ratio of ending stocks of wheat to total use for the marketing year will be—

"(i) equal to or greater than 30 percent, the Secretary may reduce the loan and purchase level for wheat for the corresponding crop by an amount not to exceed 10 percent.

"(ii) or less than 30 percent but not less than 15 percent, the Secretary may reduce the loan and purchase level for wheat for the corresponding crop by an amount not to exceed 5 percent.

"(iii) less than 15 percent, the Secretary may not reduce the loan and purchase level for wheat for the corresponding.

"(B) REPORT TO CONGRESS.—(i) If the Secretary adjusts the level of loans and purchases for wheat under subparagraph (A), the Secretary shall submit to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate a report—

"(I) certifying such adjustment as necessary to prevent the build-up of stocks and to retain market share; and

"(II) containing a description of the need for such adjustment.

"(ii) Such adjustment shall become effective no earlier than 60 calendar days after the date of submission of such report to such committees.

"(C) COMPETITIVE POSITION.—Notwithstanding the provisions of subparagraph (A), if the Secretary determines, not later than 60 days prior to the beginning of a marketing year for a crop, that the effective loan rate established for such crop will not maintain a competitive market position for wheat, the Secretary may reduce the loan and purchase level for wheat for the marketing year by an amount, in addition to any reduction under subparagraph (A), not to exceed 5 percent in any year.

"(D) NO EFFECT ON FUTURE YEARS.—Any reduction in the loan and purchase level for wheat under this paragraph shall not be considered in determining the loan and purchase level for wheat for subsequent years.

"(4) MARKETING LOAN.—(A) IN GENERAL.—The Secretary may permit a producer to repay a loan made under paragraph (1) for a crop at a level that is the lesser of—

"(i) the loan level determined for such crop; or

"(ii) the higher of—

"(I) 70 percent of such level;

"(II) if the loan level for a crop was reduced under paragraph (3), 70 percent of the loan level that would have been in effect but for the reduction under paragraph (3); or

"(III) the prevailing world market price for wheat, as determined by the Secretary.

"(B) WORLD PRICE FORMULA.—If the Secretary permits a producer to repay a loan in accordance with subparagraph (A), the Secretary shall prescribe by regulation—

"(i) a formula to define the prevailing world market price for wheat; and

"(ii) a mechanism by which the Secretary shall announce periodically the prevailing world market price for wheat.

"(5) SIMPLE AVERAGE PRICE.—For purposes of this section, the Secretary in determining the simple average price received by producers for the immediately preceding marketing year shall use the latest information available to the Secretary at the time of the determination.

"(b) PAYMENTS FOR FORGOING LOAN OR PURCHASE.—(1) IN GENERAL.—The Secretary may, for each of the 1991 through 1995 crops of wheat, make payments available to producers who, although eligible to obtain a loan or purchase agreement under subsection (a), agree to forgo obtaining such loan or agreement in return for such payments.

"(2) COMPUTATION.—A payment under this subsection shall be computed by multiplying—

"(A) the loan payment rate; by

"(B) the quantity of wheat the producer is eligible to place under loan.

"(3) QUANTITY ELIGIBLE.—For purposes of this subsection, the quantity of wheat eligible to be placed under loan may not exceed the product obtained by multiplying—

"(A) the individual farm program acreage for the crop; by

"(B) the farm program payment yield established for the farm.

"(4) PAYMENT RATE.—For purposes of this subsection, the loan payment rate shall be the amount by which—

"(A) the loan level determined for such crop under subsection (a); exceeds

"(B) the level at which a loan may be repaid under subsection (a).

"(c) DEFICIENCY PAYMENTS.—(1) IN GENERAL.—(A) COMPUTATION.—The Secretary shall make available to producers payments to be known as 'deficiency payments' for each of the 1991 through 1995 crops of wheat in an amount computed by multiplying—

"(i) the payment rate; by

"(ii) the individual farm program acreage for the crop; by

"(iii) the farm program payment yield for the crop for the farm.

"(B) 0/92 PROGRAM.—(i) If an acreage limitation program under subsection (f)(2) is in effect for a crop of wheat and the producers on a farm devote a portion of the permitted wheat acreage of the farm (as determined in accordance with subsection (f)(2)(A)) equal to more than 8 percent of the permitted wheat acreage of the farm for the crop to conservation uses (except as provided in subparagraph (G))—

"(I) such portion of the permitted wheat acreage of the farm in excess of 8 percent of such acreage devoted to conservation uses (except as provided in subparagraph (G)) shall be considered to be planted to wheat for the purpose of determining the individual farm program acreage in accordance with subsection (f)(2)(F) and for the purpose of determining the acreage on the farm required to be devoted to conservation uses in accordance with subsection (f)(2)(D); and

"(II) the producers shall be eligible for payments under this paragraph on such acreage.

"(ii) Notwithstanding any other provision of this section, any producer who elects to devote all or a portion of the permitted wheat acreage of the farm to conservation uses (or other uses as provided in subparagraph (G)) under this subparagraph shall receive deficiency payments on the acreage that is considered to be planted to wheat and eligible for payments under this subparagraph for such crop at a per-bushel rate established by the Secretary, except that such rate may not be established at less than the projected deficiency payment rate for the crop, as determined by the

Secretary. Such projected payment rate for the crop shall be announced by the Secretary prior to the period during which wheat producers may agree to participate in the program for such crop.

"(iii) The Secretary shall implement this subparagraph in such a manner as to minimize the adverse effect on agribusiness and other agriculturally related economic interests within any county, State, or region. In carrying out this subparagraph, the Secretary may restrict the total amount of wheat acreage that may be taken out of production under this subparagraph, taking into consideration the total amount of wheat acreage that has or will be removed from production under other price support, production adjustment, or conservation program activities. No restrictions on the amount of acreage that may be taken out of production in accordance with this subparagraph in a crop year shall be imposed in the case of a county in which producers were eligible to receive disaster emergency loans under section 321 of the Consolidated Farm and Rural Development Act (7 U.S.C. 1961) as a result of a disaster that occurred during such crop year.

"(iv) The wheat crop acreage base and wheat farm program payment yield of the farm shall not be reduced due to the fact that such portion of the permitted acreage of the farm was devoted to conserving uses (except as provided in subparagraph (G)).

"(v) Other than as provided in clauses (i) through (iv), payments may not be made under this paragraph for any crop on a greater acreage than the acreage actually planted to wheat.

"(vi) Any acreage considered to be planted to wheat in accordance with clause (i) may not also be designated as conservation use acreage for the purpose of fulfilling any provisions under any acreage limitation, set-aside, or land diversion program requiring that the producers devote a specified acreage to conservation uses.

"(C) PAYMENT RATE.—The payment rate for wheat shall be the amount by which the established price for the crop of wheat exceeds the higher of—

"(i) the national weighted average market price received by producers during the first 6 months of the marketing year for such crop, as determined by the Secretary; or

"(ii) the loan level determined for such crop, prior to any adjustment made under subsection (a)(3) for the marketing year for such crop of wheat.

"(D) COMPENSATION FOR SUPPORT LEVEL ADJUSTMENT.—(i) Notwithstanding the foregoing provisions of this section, if the Secretary adjusts the level of loans and purchases for wheat under subsection (a)(3), the Secretary shall provide emergency compensation by increasing the payments for wheat by such amount as the Secretary determines necessary to provide the same total return to producers as if the adjustment in the level of loans and purchases had not been made.

"(ii) In determining the payment rate, per bushel, for payments for a crop of wheat under this subparagraph, the Secretary shall use the national weighted average market price, per bushel of wheat, received by producers during the marketing year for such crop, as determined by the Secretary.

"(iii) Notwithstanding any other provision of this Act the Secretary shall—

"(I) by December 1 of the marketing year for the crop estimate the national weighted average market price, per bushel of wheat, received by producers during such marketing year;

"(II) by December 15 of such marketing year use the estimate to make available to producers who have elected the payment option authorized by this clause not less than 75 percent of the increase in payments estimated to be payable with respect to such crop under this subparagraph; and

"(III) adjust the amount of each final payment for wheat to reflect any difference between the amount of any estimated payment made under this clause and the amount of actual payment due under this subparagraph.

"(iv) Producers shall elect the payment option authorized by clause (iii) at the time of entering into a contract to participate in the program established by this section for the crop.

"(E)(i) MINIMUM ESTABLISHED PRICE.—The established price for wheat shall not be less than $4 per bushel.

(ii) ESTABLISHED PRICE INCREASE.—If in any crop year the Secretary announces an acreage limitation program under subsection (H)(2) or a set-aside program under subsection (F)(3) for farms under which the percentage reduction or set-aside is in excess of 7.5 percent (10 percent in the case of the 1994 and 1995 crops), then the established price for such crop shall be increased by an amount not less than 2.55 percent of the established price for such crop for each 2.5 percent incremental increase of such percentage reduction or set aside in excess of 7.5 percent (10 percent in the case of the 1994 and 1995 crops).

"(F) REDUCTION FOR DISASTER PAYMENTS.—The total quantity of wheat on which payments would otherwise be payable to a producer on a farm for any crop under this paragraph shall be reduced by the quantity on which any disaster payment is made to the producer for the crop under paragraph (2).

"(G) ALTERNATIVE CROPS.—The Secretary may permit, subject to such terms and conditions as the Secretary may prescribe, all or any part of acreage otherwise required to be devoted to conservation uses as a condition of qualifying for payments under subparagraph (B) to be devoted to sweet sorghum or the production of guar, sesame, safflower, sunflower, castor beans, mustard seed, crambe, plantago ovato, flaxseed, triticale, rye, commodities for which no substantial domestic production or market exists but that could yield industrial raw material being imported, or likely to be imported, into the United States, or commodities grown for experimental purposes (including kenaf), subject to the following sentence. The Secretary may permit such acreage to be devoted to such production only if the Secretary determines that—

"(i) the production is not likely to increase the cost of the price support program and will not affect farm income adversely; and

"(ii) the production is needed to provide an adequate supply of the commodity, or, in the case of commodities for which no substantial domestic production or market exists but that could yield industrial raw materials, the production is needed to encourage domestic manufacture of such raw material and could lead to increased industrial use of such raw material to the long-term benefit of United States industry.

"(H)(i) TARGET OPTION PROGRAM.—Subject to clauses (ii) and (iii), if an acreage limitation program under subsection (f)(2) is in effect for a crop of wheat and the producers on a farm devote a portion of the permitted wheat acreage of the farm (as determined in accordance with subsection (f)(2)(A)) to conservation uses, the producers shall be eligible for an increase of up to one percent in the established price of wheat, on the acreage on the farm actually planted to wheat, for each one percent of the permitted wheat acreage of the farm devoted to conservation uses.

"(ii) The portion of permitted wheat acreage of the farm devoted to conservation uses under clause (i) shall not exceed 10 percent of the crop acreage base of the farm.

"(iii) Such increase in the established price shall not result in a producer receiving more in payments than the maximum amount such producers would be eligible to receive under section 107A(c)(1)(B).

"(iv) The wheat crop acreage base and the wheat farm program payment yield for the farm may not be reduced due to the fact that such portion of the permitted acreage of the farm was devoted to conserving uses.

"(2) DISASTER ASSISTANCE.—(A) PREVENTED PLANTING PAYMENTS.—(i) Except as provided in subparagraph (C), if the Secretary determines that the producers on a farm are prevented from planting any portion of the acreage intended for wheat to wheat or other nonconserving crops because of drought, flood, or other natural disaster, or other condition beyond the control of the producers, the Secretary shall make a prevented planting disaster payment to the producers in an amount equal to the product obtained by multiplying—

"(I) the number of acres so affected but not to exceed the acreage planted to wheat for harvest (including any acreage that the producers were prevented from planting to wheat or other nonconserving crops in lieu of wheat because of drought, flood, or other natural disaster, or other condition beyond the control of the producers) in the immediately preceding year; by

"(II) 75 percent of the farm program payment yield established by the Secretary; by

"(III) a payment rate equal to 33⅓ percent of the average of the established prices for the crop.

"(ii) Payments made by the Secretary under this subparagraph may be made in the form of cash or from stocks of wheat held by the Commodity Credit Corporation.

"(B) REDUCED YIELD PAYMENTS.—Except as provided in subparagraph (C), if the Secretary determines that because of drought, flood, or other natural disaster, or other condition beyond the control of the producers, the total quantity of wheat that the producers are able to harvest on any farm is less than the result of multiplying 60 percent of the farm program payment yield established by the Secretary for such crop by the acreage planted for harvest for such crop, the Secretary shall make a reduced yield disaster payment to the producers at a rate equal to 50 percent of the established price for the crop for the deficiency in production below 60 percent for the crop.

"(C) LIMITATION DUE TO CROP INSURANCE.—Producers on a farm shall not be eligible for—

"(i) prevented planting disaster payments under subparagraph (A), if prevented planting crop insurance is available to the producers under the Federal Crop Insurance Act (7 U.S.C. 1501 et seq.) with respect to the wheat acreage of the producers; or

"(ii) reduced yield disaster payments under subparagraph (B), if reduced yield crop insurance is available to the producers under such Act with respect to the wheat acreage of the producers.

"(D) EXCEPTION FROM LIMITATION.—(i) Notwithstanding subparagraph (C), the Secretary may make a disaster payment to producers on a farm under this paragraph if the Secretary determines that—

"(I) as the result of drought, flood, or other natural disaster, or other condition beyond the control of the producers, the producers on a farm have suffered substantial losses of production either from being prevented from planting wheat or other nonconserving crops or from reduced yields;

"(II) such losses have created an economic emergency for the producers;

"(III) crop insurance indemnity payments under the Federal Crop Insurance Act (7 U.S.C. 1501 et seq.) and other forms of assistance made available by the Federal Government to such producers for such losses are insufficient to alleviate such economic emergency; and

"(IV) additional assistance must be made available to such producers to alleviate such economic emergency.

"(ii) The Secretary may make such adjustments in the amount of payments made available under this subparagraph with respect to an individual farm so as to assure the equitable allotment of such payments among producers, taking into account other forms of Federal disaster assistance provided to the producers for the crop involved.

"(d) NATIONAL PROGRAM ACREAGE.—(1) IN GENERAL.—(A) PROCLAMATION.—Except for a crop with respect to which there is an acreage limitation program in effect under subsection (f), the Secretary shall proclaim a national program acreage. The proclamation shall be made not later than June 1 of each calendar year for the crop harvested in the next succeeding calendar year.

"(B) REVISION.—The Secretary may revise the national program acreage first proclaimed for any crop year for the purpose of determining the allocation factor under paragraph (2) if the Secretary determines it necessary based on the latest information. The Secretary shall proclaim such revised national program acreage as soon as such revision is made.

"(C) AMOUNT OF ACREAGE.—The national program acreage for wheat shall be the number of harvested acres that the Secretary determines (on the basis of the weighted national average of the farm program payment yields for the crop for which the determination is made) will produce the quantity (less imports) that the Secretary estimates will be utilized domestically and for export during the marketing year for such crop.

"(D) ADJUSTMENT FOR CARRYOVER.—If the Secretary determines that carryover stocks of wheat are excessive or an increase in stocks is needed to assure desirable carryover, the Secretary may adjust the national program acreage by the quantity the Secretary determines will accomplish the desired increase or decrease in carryover stocks.

"(2) PROGRAM ALLOCATION FACTOR.—The Secretary shall determine a program allocation factor for each crop of wheat, if the Secretary proclaims a national program acreage for such crop. The allocation factor for wheat shall be determined by dividing the national program acreage for the crop by the number of acres that the Secretary estimates will be harvested for such crop, except that in no event shall the allocation factor for any crop of wheat be more than 100 percent nor less than 80 percent.

"(3) FARM PROGRAM ACREAGE.—(A) DETERMINATION.—Except as provided in subsection (f)(2), the individual farm program acreage for each crop of wheat shall be determined by multiplying the allocation factor by the acreage of wheat planted for harvest on the farms for which individual farm program acreages are required to be determined.

"(B) LIMITATION ON REDUCTION.—The individual farm program acreage shall not be further reduced by application of the allocation factor if the producers on a farm reduce the acreage of wheat planted for harvest on the farm from the crop acreage base established for the farm under title V by at least the percentage recommended by the Secretary in the proclamation of the national program acreage.

"(C) FAIR AND EQUITABLE TREATMENT.—The Secretary shall provide fair and equitable treatment for producers on farms on which the acreage of wheat planted for harvest is less than the crop acreage base established for the farm under title V, but for which the reduction is insufficient to exempt the farm from the application of the allocation factor.

"(D) ADJUSTMENT FOR EXEMPTIONS.—In establishing the allocation factor for wheat, the Secretary may make such adjustment as the Secretary deems necessary to take into account the extent of exemption of farms under the foregoing provisions of this paragraph.

"(e) FARM PROGRAM PAYMENT YIELDS.—The farm program payment yields for farms for each crop of wheat shall be determined under title V.

"(f) PROGRAMS TO REDUCE ACREAGE.—(1) IN GENERAL.—(A) EXCESSIVE SUPPLY.—(i) Notwithstanding any other provision of this Act, except as provided in subparagraphs (B) and (C), if the Secretary determines that the total supply of wheat, in the absence of an acreage limitation or set-aside program, will be excessive taking into account the need for an adequate carryover to maintain reasonable and stable supplies and prices and to meet a national emergency, the Secretary may provide for any crop of wheat either an acreage limitation program as described in paragraph (2) or a set-aside program as described in paragraph (3).

"(ii) In making a determination under clause (i), the Secretary shall take into consideration the number of acres placed in the conservation acreage reserve established under section 1231 of the Food Security Act of 1985 (16 U.S.C. 3831).

"(iii) If the Secretary elects to put either of such programs into effect for any crop year, the Secretary shall announce any such program not later than June 1 prior to the calendar year in which the crop is harvested.

"(iv) Not later than July 31 of the year previous to the year in which the crop is harvested, the Secretary may make adjustments in the program announced under clause (iii) if the Secretary determines that there has been a significant change in the total supply of wheat since the program was first announced.

"(B) AMOUNT OF ACREAGE LIMITATION.—In the case of each of the 1991 through 1995 crops of wheat, if the Secretary estimates for a marketing year for the crop that the ratio of ending stocks of wheat to total use of wheat for the marketing year will be—

"(i) more than 40 percent, the Secretary shall provide for an acreage limitation program (as described in paragraph (2)) under which the acreage planted to wheat for harvest on a farm would be limited to the wheat crop acreage base for the farm for the crop reduced by not less than 20 percent nor more than 30 percent; or

"(ii) equal to or less than 40 percent, the Secretary may provide for such an acreage limitation program under which the acreage planted to wheat for harvest on a farm would be limited to the wheat crop acreage base for the farm for the crop reduced by not more than 20 percent.

"(C) CONDITION FOR ELIGIBILITY.—As a condition of eligibility for loans, purchases, and payments for any such crop of wheat, except as provided in subsection (g), the producers on a farm must comply with the terms and conditions of the acreage limitation program and, if applicable, any land diversion program, as provided in paragraph (5).

"(2) ACREAGE LIMITATION PROGRAM.—(A) UNIFORM PERCENTAGE.—If a wheat acreage limitation program is announced under paragraph (1), such limitation shall be achieved by applying a uniform percentage reduction to the wheat crop acreage base for the crop for each wheat-producing farm.

"(B) ENFORCEMENT.—Except as provided in subsection (g), producers who knowingly produce wheat in excess of the permitted wheat acreage for the farm shall be ineligible for wheat loans, purchases, and payments with respect to that farm.

"(C) WHEAT CROP ACREAGE BASE.—Wheat crop acreage bases for each crop of wheat shall be determined under title V.

"(D) DETERMINATION OF CONSERVATION USE ACREAGE.—(i) A number of acres on the farm shall be devoted to conservation uses, in accordance with regulations issued by the Secretary. Such number shall be determined by dividing—

"(I) the product obtained by multiplying the number of acres required to be withdrawn from the production of wheat times the number of acres planted to such commodity; by

"(II) the number of acres authorized to be planted to such commodity under the limitation established by the Secretary.

"(ii) The number of acres so determined is hereafter in this subsection referred to as 'reduced acreage'.

"(E) INAPPLICABILITY OF NATIONAL PROGRAM ACREAGE.—If an acreage limitation program is announced under paragraph (1) for a crop of wheat, subsection (d) shall not be applicable to such crop, including any prior announcement that may have been made under such subsection with respect to such crop.

"(F) INDIVIDUAL FARM PROGRAM ACREAGE.—Except as otherwise provided in subsections (c)(1)(B) and (c)(1)(H), the individual farm program acreage shall be the acreage planted on the farm to wheat for harvest within the permitted wheat acreage for the farm as established under this paragraph.

"(3) SET-ASIDE PROGRAM.—(A) IN GENERAL.—If a set-aside program is announced under paragraph (1), as a condition of eligibility for loans, purchases, and payments for wheat authorized by this Act (except as provided in subsection (g)), the producers on a farm shall—

"(i) set aside and devote to conservation uses an acreage of cropland equal to a specified percentage, as determined by the Secretary, of the acreage of wheat planted for harvest for the crop for which the set-aside is in effect; and

"(ii) otherwise comply with the terms of such program.

"(B) CONSERVATION USE REQUIRED.—The set-aside acreage shall be devoted to conservation uses, in accordance with regulations issued by the Secretary.

"(C) UNIFORM ACREAGE LIMITATION.—If a set-aside program is established, the Secretary may limit the acreage planted to wheat. Such limitation shall be applied on a uniform basis to all wheat-producing farms.

"(D) ADJUSTMENTS TO SET-ASIDE.—The Secretary may make such adjustments in individual set-aside acreages under this paragraph as the Secretary determines necessary—

"(i) to correct for abnormal factors affecting production; and

"(ii) to give due consideration to tillable acreage, crop-rotation practices, types of soil, soil and water conservation measures, topography, and such other factors as the Secretary determines necessary.

"(4) USE OF CONSERVATION ACREAGE.—(A) PROTECTION FROM WEEDS AND EROSION.—The regulations issued by the Secretary under paragraphs (2) and (3) with respect to acreage required to be devoted to conservation uses shall assure protection of such acreage from weeds and wind and water erosion.

"(B) PERMITTED PLANTINGS.—The Secretary may permit, subject to such terms and conditions as the Secretary may prescribe, all or any part of such acreage to be devoted to sweet sorghum, or the production of guar, sesame, safflower, sunflower, castor beans, mustard seed, crambe, plantago ovato, flaxseed, triticale, rye, or other commodity, if the Secretary determines that such production is needed to provide an adequate supply of such commodities, is not likely to increase the cost of the price support program, and will not affect farm income adversely.

"(C) HAYING AND GRAZING.—(i) Except as provided in clause (ii), haying and grazing of acreage designated as conservation use acreage for the purpose of meeting any requirements established under an acreage limitation program (including a program conducted under subsection (c)(1)(B) or subsection (c)(1)(H)), set-aside program, or land diversion program established under this section shall be permitted, except during any consecutive 5-month period that is established by the State committee established under section 8(b) of the Soil Conservation and Domestic Allotment Act (16 U.S.C. 590h(b)) for a State. Such 5-month period shall be established during the period beginning April 1, and ending October 31, of a year.

"(ii) In the case of a natural disaster, the Secretary may permit unlimited haying and grazing on such acreage.

"(D) SUMMER FALLOW.—In determining the quantity of land to be devoted to conservation uses under an acreage limitation or set-aside program with respect to land that has been farmed under summer fallow practices, as defined by the Secretary, the Secretary shall consider the effects of soil erosion and such other factors as the Secretary considers appropriate.

"(5) LAND DIVERSION PROGRAM.—(A) PAYMENTS.—The Secretary may make land diversion payments to producers of wheat, whether or not an acreage limitation or set-aside program for wheat is in effect, if the Secretary determines that such land diversion payments are necessary to assist in adjusting the total national acreage of wheat to desirable goals. Such land diversion payments shall be made to producers who, to the extent prescribed by the Secretary, devote to approved conservation uses an acreage of cropland on the farm in accordance with land diversion contracts entered into by the Secretary with such producers.

"(B) BIDS FOR CONTRACTS.—The amounts payable to producers under land diversion contracts may be determined through the submission of bids for such contracts by producers in such manner as the Secretary may prescribe or through such other means as the Secretary determines appropriate. In determining the acceptability of

contract offers, the Secretary shall take into consideration the extent of the diversion to be undertaken by the producers and the productivity of the acreage diverted.

"(C) LIMITATION ON DIVERTED ACREAGE.—The Secretary shall limit the total acreage to be diverted under agreements in any county so as not to affect adversely the economy of the county.

"(6) WILDLIFE USES FOR REDUCED AND DIVERTED ACREAGE.—(A) IN GENERAL.—Any reduced acreage, set-aside acreage, and additional diverted acreage may be devoted to wildlife food plots or wildlife habitat in conformity with standards established by the Secretary in consultation with wildlife agencies.

"(B) WILDLIFE USE COST SHARING.—The Secretary may pay an appropriate share of the cost of practices designed to carry out the purposes of subparagraph (A).

"(C) CONSERVATION COST SHARING.—The Secretary may also pay an appropriate share of the cost of approved soil and water conservation practices (including practices that may be effective for a number of years) established by the producer on reduced acreage, set-aside acreage, or additional diverted acreage.

"(D) ENCOURAGEMENT OF PUBLIC ACCESS.—The Secretary may provide for an additional payment on such acreage in an amount determined by the Secretary to be appropriate in relation to the benefit to the general public if the producer agrees to permit, without other compensation, access to all or such portion of the farm, as the Secretary may prescribe, by the general public, for hunting, trapping, fishing, and hiking, subject to applicable State and Federal regulations.

"(7) PARTICIPATION AGREEMENTS.—(A) IN GENERAL.—An operator of a farm desiring to participate in the program conducted under this subsection shall execute an agreement with the Secretary providing for such participation not later than such date as the Secretary may prescribe.

"(B) MODIFICATION OR TERMINATION.—The Secretary may, by mutual agreement with producers on a farm, terminate or modify any such agreement if the Secretary determines such action necessary because of an emergency created by drought or other disaster or to prevent or alleviate a shortage in the supply of agricultural commodities.

"(8) BUSHEL PRODUCTION TARGETS.—Notwithstanding the foregoing provisions of this subsection, in carrying out the program conducted under this subsection, the Secretary may prescribe production targets for participating farms expressed in bushels of production so that all participating farms achieve the same pro rata reduction in production as prescribed by the national production targets.

"(9) SPECIAL OATS PLANTINGS.—(A) IN GENERAL.—In any crop year that the Secretary determines that projected domestic production of oats will not fulfill the projected domestic demand for oats the Secretary, notwithstanding the foregoing provisions of this subsection—

"(i) shall, subject to subparagraph (B), provide that any reduced acreage and set-aside acreage may be planted to oats for harvest;

"(ii) may make program benefits (including, but not limited to, loans, purchases, and payments) available under the annual program for oats under section 105A available to producers with respect to acreage planted to oats under this paragraph; and

"(iii) shall not make program benefits other than the benefits specified in clause (ii) available to producers with respect to acreage planted to oats under this paragraph.

"(B) LIMITATION.—(i) If the Secretary estimates that oats planted to such acreage will result in projected domestic production of oats exceeding the projected domestic demand of oats, the Secretary shall limit the amount of such acreage that producers may plant to oats for harvest under subparagraph (A) to an amount that will result in projected domestic production fulfilling projected domestic demand.

"(ii) Such limitation may be achieved by applying a uniform percentage reduction to such acreage for each farm.

"(g) EXCEPTIONS TO PROGRAMS TO REDUCE ACREAGE.—(1) ONE-HALF ACREAGE REDUCTION PROGRAM.—(A) IN GENERAL.—The Secretary may, for each of the 1991 through 1995 crops of wheat, make payments available to producers who meet the requirements of this paragraph.

"(B) FORM OF PAYMENT.—Such payments shall be—

"(i) made in the form of wheat owned by the Commodity Credit Corporation; and

"(ii) subject to the availability of such wheat.

"(C) DETERMINATION OF PAYMENT.—(i) Payments under this subsection shall be determined in the same manner as provided in subsection (b).

"(ii) The quantity of wheat to be made available to a producer under this subsection shall be equal in value to the payments so determined under such subsection.

"(D) ELIGIBILITY.—A producer shall be eligible to receive a payment under this subsection for a crop if the producer—

"(i) agrees to forgo obtaining a loan or purchase agreement under subsection (a);

"(ii) agrees to forgo receiving payments under subsection (c);

"(iii) does not plant wheat for harvest in excess of the crop acreage base reduced by one-half of any acreage required to be diverted from production under subsection (f); and

"(iv) otherwise complies with this section.

"(2) ACRE-FOR-ACRE REDUCTION—(A) IN GENERAL.—The Secretary may permit producers on a farm to plant wheat on a portion of the acreage otherwise required to be devoted to conservation uses under subsection (f) if the producers agree to a corresponding reduction, on an acre-for-acre basis, in the farm program acreage used to compute deficiency payments under subsection (c)(1)(A)(ii).

"(B) LIMITATION.—If the Secretary exercises the authority provided under subparagraph (A), then the Secretary shall implement this paragraph in such a manner that no greater outlays by the Commodity Credit Corporation result from its implementation.

"(C) BASES AND YIELDS UNAFFECTED.—The wheat crop acreage base and the wheat farm program payment yield for the farm may not be increased or reduced due to the fact that such portion of the conserving use acres for the farm was planted to wheat as authorized under this subparagraph.

"(h) EQUITABLE RELIEF.—(1) LOANS, PURCHASES, AND PAYMENTS.—If the failure of a producer to comply fully with the terms and conditions of the program conducted under this section precludes the making of loans, purchases, and payments, the Secretary may, nevertheless, make such loans, purchases, and payments in such amounts as the Secretary determines are equitable in relation to the seriousness of the failure. The Secretary may consider whether the producer made a good faith effort to comply fully with the terms and conditions of such program in determining whether equitable relief is warranted under this paragraph.

"(2) DEADLINES AND PROGRAM REQUIREMENTS.—The Secretary may authorize the county and State committees established under section 8(b) of the Soil Conservation and Domestic Allotment Act (16 U.S.C. 590h(b)) to waive or modify deadlines and other program requirements in cases in which lateness or failure to meet such other requirements does not affect adversely the operation of the program.

"(i) REGULATIONS.—The Secretary may issue such regulations as the Secretary determines necessary to carry out this section.

"(j) COMMODITY CREDIT CORPORATION.—The Secretary shall carry out the program authorized by this section through the Commodity Credit Corporation.

"(k) ASSIGNMENT OF PAYMENTS.—The provisions of section 8(g) of the Soil Conservation and Domestic Allotment Act (16 U.S.C. 590h(g)) (relating to assignment of payments) shall apply to payments under this section.

"(l) EQUITABLE SHARING OF PAYMENTS.—The Secretary shall provide for the sharing of payments made under this section for any farm among the producers on the farm on a fair and equitable basis.

"(m) TENANTS AND SHARECROPPERS.—The Secretary shall provide adequate safeguards to protect the interests of tenants and sharecroppers.

"(n) PROHIBITIONS.—(1) CROSS COMPLIANCE.—(A) IN GENERAL.—Compliance on a farm with the terms and conditions of any other commodity program, or compliance with crop acreage base requirements for any other commodity, may not be required as a condition of eligibility for loans or payments under this section.

"(B) BASE INCREASES.—If a producer on a farm is participating in the wheat program under this section, the crop acreage base for any other commodity for the farm may not be increased if such commodity is produced on the farm in a manner that is not in compliance with—

"(i) the terms and conditions of the applicable commodity program for such commodity; or

"(ii) the crop acreage base requirements of the applicable commodity program for such commodity.

"(2) OFFSETTING COMPLIANCE.—The Secretary may not require producers on a farm, as a condition of eligibility for loans, purchases, or payments under this section for such farm, to comply with the terms and conditions of the wheat program with respect to any other farm operated by such producers."

SEC. 902. NONAPPLICABILITY OF CERTIFICATE REQUIREMENTS.

Sections 379d, 379e, 379f, 379g, 379h, 379i, and 379j of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1379d-1379j) (relating to marketing certificate require-

ments for processors and exporters) shall not be applicable to wheat processors or exporters during the period June 1, 1991, through May 31, 1996.

SEC. 903. SUSPENSION OF LAND USE, WHEAT MARKETING ALLOCATION, AND PRODUCER CERTIFICATE PROVISIONS.

Sections 331, 332, 333, 334, 335, 336, 338, 339, 379b, and 379c of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1331–1336, 1338, 1339, 1379b, and 1379c) shall not be applicable to the 1991 through 1995 crops of wheat.

SEC. 904. SUSPENSION OF CERTAIN QUOTA PROVISIONS.

The joint resolution entitled "A joint resolution relating to corn and wheat marketing quotas under the Agricultural Adjustment Act of 1938, as amended", approved May 26, 1941 (7 U.S.C. 1330 and 1340), shall not be applicable to the crops of wheat planted for harvest in the calendar years 1991 through 1995.

SEC. 905. NONAPPLICABILITY OF SECTION 107 OF THE AGRICULTURAL ACT OF 1949 TO THE 1991 THROUGH 1995 CROPS OF WHEAT.

Section 107 of the Agricultural Act of 1949 (7 U.S.C. 1445a) shall not be applicable to the 1991 through 1995 crops of wheat.

TITLE X—FEED GRAINS

SEC. 1001. LOAN RATES, TARGET PRICES, DISASTER PAYMENTS, ACREAGE LIMITATION PROGRAM, AND LAND DIVERSION FOR THE 1991 THROUGH 1995 CROPS OF FEED GRAINS.

Effective only for the 1991 through 1995 crops of feed grains, section 105A of the Agricultural Act of 1949 (7 U.S.C. 1444c) is amended to read as follows:

"SEC. 105A. (a) LOANS AND PURCHASES.—(1) IN GENERAL.—Except as provided in paragraphs (2), (3), and (4) the Secretary shall make available to producers loans and purchases for each of the 1991 through 1995 crops of corn at such level as the Secretary determines will encourage the exportation of feed grains and not result in excessive total stocks of feed grains after taking into consideration the cost of producing corn, supply and demand conditions, and world prices for corn.

"(2) MINIMUM LOAN LEVEL.—Except as provided in paragraphs (3) and (4), the loan and purchase level determined under paragraph (1) shall not be less than 85 percent of the simple average price received by producers of corn, as determined by the Secretary, during the marketing years for the immediately preceding 5 crops of corn, excluding the year in which the average price was the highest and the year in which the average price was the lowest in such period, except that the loan and purchase level for a crop determined under this paragraph may not be reduced by more than 5 percent from the level determined for the preceding crop.

"(3) ADJUSTMENTS TO SUPPORT LEVEL.—(A) STOCKS TO USE RATIO.— If the Secretary estimates for any marketing year that the ratio of ending stocks of corn to total use for the marketing year will be—

"(i) equal to or greater than 25 percent, the Secretary may reduce the loan and purchase level for corn for the marketing year by an amount not to exceed 10 percent in any year;

"(ii) less than 25 percent but not less than 12.5 percent, the Secretary may reduce the loan and purchase level for corn for the marketing year by an amount not to exceed 5 percent in any year;

"(iii) less than 12.5 percent the Secretary may not reduce the loan and purchase level for corn for the marketing year.

"(B) REPORT TO CONGRESS.—(i) If the Secretary adjusts the level of loans and purchases for corn under subparagraph (A), the Secretary shall submit to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate a report—

"(I) certifying such adjustment as necessary to prevent the build-up of stocks and to retain market share; and

"(II) containing a description of the need for such adjustment.

"(ii) Such adjustment shall become effective no earlier than 60 calendar days after the date of submission of such report to such committees.

"(C) COMPETITIVE POSITION.—Notwithstanding the provisions of subparagraph (A), if the Secretary determines, not later than 60 days prior to the beginning of a marketing year for a crop, that the effective loan rate established for such crop will not maintain a competitive market position for corn, the Secretary may reduce the loan and purchase level for corn for the marketing year by an amount, in addition to any reduction under subparagraph (A), not to exceed 5 percent in any year.

"(D) NO EFFECT ON FUTURE YEARS.—Any reduction in the loan and purchase level for corn under this paragraph shall not be considered in determining the loan and purchase level for corn for subsequent years.

"(4) MARKETING LOAN.—(A) IN GENERAL.—The Secretary may permit a producer to repay a loan made under paragraphs (1) or (6) for a crop at a level that is the lesser of—

"(i) the loan level determined for such crop; or

"(ii) the higher of—

"(I) 70 percent of such level;

"(II) if the loan level for a crop was reduced under paragraph (3), 70 percent of the loan level that would have been in effect but for the reduction under paragraph (3); or

"(III) the prevailing world market price for feed grains, as determined by the Secretary.

"(B) WORLD PRICE FORMULA.—If the Secretary permits a producer to repay a loan in accordance with subparagraph (A), the Secretary shall prescribe by regulation—

"(i) a formula to define the prevailing world market price for feed grains; and

"(ii) a mechanism by which the Secretary shall announce periodically the prevailing world market price for feed grains.

"(5) SIMPLE AVERAGE PRICE.—For purposes of this section, the Secretary in determining the simple average price received by producers for the immediately preceding marketing year shall use the latest information available to the Secretary at the time of the determination.

"(6) LOAN LEVELS FOR OTHER FEED GRAINS.—The Secretary shall make available to producers loans and purchases for each of the 1991 through 1995 crops of grain sorghum, barley, oats, and rye, respectively, at such level as the Secretary determines is fair and reasonable in relation to the level that loans and purchases are made available for corn, taking into consideration the feeding value of such commodity in relation to corn and other factors specified in section 401(b).

"(b) PAYMENTS FOR FORGOING LOAN OR PURCHASE.—(1) IN GENERAL.—The Secretary may, for each of the 1991 through 1995 crops of corn, grain sorghum, barley, oats, and rye, make payments available to producers who, although eligible to obtain a loan or purchase agreement under subsection (a), agree to forgo obtaining such loan or agreement in return for such payments.

"(2) COMPUTATION.—A payment under this subsection shall be computed by multiplying—

"(A) the loan payment rate; by

"(B) the quantity of such feed grains the producer is eligible to place under loan.

"(3) QUANTITY ELIGIBLE.—For purposes of this subsection, the quantity of feed grains eligible to be placed under loan may not exceed the product obtained by multiplying—

"(A) the individual farm program acreage for the crop; by

"(B) the farm program payment yield established for the farm.

"(4) PAYMENT RATE.—For purposes of this subsection, the loan payment rate shall be the amount by which—

"(A) the loan level determined for such crop under subsection (a); exceeds

"(B) the level at which a loan may be repaid under subsection (a).

"(c) DEFICIENCY PAYMENTS.—(1) IN GENERAL.—(A) COMPUTATION.—The Secretary shall make available to producers payments (to be known as 'deficiency payments') for each of the 1991 through 1995 crops of corn, grain sorghum, oats, and barley in an amount computed by multiplying—

"(i) the payment rate; by

"(ii) the individual farm program acreage for the crop; by

"(iii) the farm program payment yield for the crop for the farm.

"(B) 0/92 PROGRAM.—(i) If an acreage limitation program under subsection (f)(2) is in effect for a crop of feed grains and the producers on a farm devote a portion of the permitted feed grain acreage of the farm (as determined in accordance with subsection (f)(2)(A)) equal to more than 8 percent of the permitted feed grain acreage of the farm for the crop to conservation uses (except as provided in subparagraph (H))—

"(I) such portion of the permitted feed grain acreage of the farm in excess of 8 percent of such acreage devoted to conservation uses (except as provided in subparagraph (H)) shall be considered to be planted to feed grains for the purpose of determining the individual farm program acreage in accordance with subsection (f)(2)(G) and for the purpose of determining the acreage on the farm re-

quired to be devoted to conservation uses in accordance with subsection (f)(2)(E); and

"(II) the producers shall be eligible for payments under this paragraph on such acreage.

"(ii) Notwithstanding any other provision of this section, any producer who elects to devote all or a portion of the permitted feed grain acreage of the farm to conservation uses (or other uses as provided in subparagraph (H)) under this subparagraph shall receive deficiency payments on the acreage that is considered to be planted to feed grains and eligible for payments under this subparagraph for such crop at a per-bushel rate established by the Secretary, except that such rate may not be established at less than the projected deficiency payment rate for the crop, as determined by the Secretary. Such projected payment rate for the crop shall be announced by the Secretary prior to the period during which feed grain producers may agree to participate in the program for such crop.

"(iii) The Secretary shall implement this subparagraph in such a manner as to minimize the adverse effect on agribusiness and other agriculturally related economic interests within any county, State, or region. In carrying out this subparagraph, the Secretary may restrict the total amount of feed grain acreage that may be taken out of production under this subparagraph, taking into consideration the total amount of feed grain acreage that has or will be removed from production under other price support, production adjustment, or conservation program activities. No restrictions on the amount of acreage that may be taken out of production in accordance with this subparagraph in a crop year shall be imposed in the case of a county in which producers were eligible to receive disaster emergency loans under section 321 of the Consolidated Farm and Rural Development Act (7 U.S.C. 1961) as a result of a disaster that occurred during such crop year.

"(iv) The feed grain crop acreage base and feed grain program payment yield of the farm shall not be reduced due to the fact that such portion of the permitted acreage of the farm was devoted to conserving uses (except as provided in subparagraph (H)).

"(v) Other than as provided in clauses (i) through (iv), payments may not be made under this paragraph for any crop on a greater acreage than the acreage actually planted to feed grains.

"(vi) Any acreage considered to be planted to feed grains in accordance with clause (i) may not also be designated as conservation use acreage for the purpose of fulfilling any provisions under any acreage limitation, set-aside, or land diversion program requiring that the producers devote a specified acreage to conservation uses.

"(C) PAYMENT RATE.—The payment rate for each crop of feed grains shall be the amount by which the established price for such crop of feed grains exceeds the higher of—

"(i) the national weighted average market price received by producers during the first 6 months of the marketing year for such crop, as determined by the Secretary; or

"(ii) the loan level determined for such crop, prior to any adjustment made under subsection (a)(3) for the marketing year for such crop.

"(D) COMPENSATION FOR SUPPORT LEVEL ADJUSTMENT.—(i) Notwithstanding the foregoing provisions of this section, if the Secretary adjusts the level of loans and purchases for feed grains under subsection (a)(3), the Secretary shall provide emergency compensation by increasing the deficiency payments for feed grains by such amount as the Secretary determines necessary to provide the same total return to producers as if the adjustment in the level of loans and purchases had not been made.

"(ii) In determining the payment rate, per bushel, for deficiency payments for a crop of feed grains under this subparagraph, the Secretary shall use the national weighted average market price, per bushel of such crop of feed grains, received by producers during the marketing year for such crop, as determined by the Secretary.

"(E) ESTABLISHED FOR CORN.—

"(i) MINIMUM PRICE.—The established price for corn shall not be less than $2.75 per bushel.

"(ii) ESTABLISHED PRICE INCREASE FOR FEED GRAINS.—If in any crop year the Secretary announces an acreage limitation program under subsection (f)(2) or a set-aside program under subsection (f)(3) for farms under which the percentage reduction or set aside for a crop of feedgrains is in excess of 15 percent, then the established price for such crop shall be increased by an amount not less than 2.55 percent of the established price for such crop for each 2.5 percent in-

cremental increase of such percentage reduction or set-aside in excess of 15 percent.

"(F) ESTABLISHED PRICE FOR OTHER FEED GRAINS.—(i) The established price for grain sorghum shall be such price as the Secretary determines is fair and reasonable in relation to the established price for corn.

"(ii) The established price for oats shall be such price as the Secretary determines is fair and reasonable in relation to the established price for corn, but not less than $1.45 per bushel.

"(iii) The established price for barley shall be such price as the Secretary determines is fair and reasonable in relation to the established price for corn, taking into consideration the various feed and food uses for barley, and provided that the ratio of such established price for barley shall not be less than 85.8 percent of the established price for corn.

"(G) REDUCTION FOR DISASTER PAYMENTS.—The total quantity on which payments would otherwise be payable to a producer on a farm for any crop under this paragraph shall be reduced by the quantity on which any disaster payment is made to the producer for the crop under paragraph (2).

"(H) ALTERNATIVE CROPS.—The Secretary may permit, subject to such terms and conditions as the Secretary may prescribe, all or any part of acreage otherwise required to be devoted to conservation uses as a condition of qualifying for payments under subparagraph (B) to be devoted to sweet sorghum or the production of guar, sesame, safflower, sunflower, castor beans, mustard seed, crambe, plantago ovato, flaxseed, triticale, rye, commodities for which no substantial domestic production or market exists but that could yield industrial raw material being imported, or likely to be imported, into the United States, or commodities grown for experimental purposes (including kenaf), subject to the following sentence. The Secretary may permit such acreage to be devoted to such production only if the Secretary determines that—

"(i) the production is not likely to increase the cost of the price support program and will not affect farm income adversely; and

"(ii) the production is needed to provide an adequate supply of the commodity, or, in the case of commodities for which no substantial domestic production or market exists but that could yield industrial raw materials, the production is needed to encourage domestic manufacture of such raw material and could lead to increased industrial use of such raw material to the long-term benefit of United States industry.

"(I)(i) TARGET OPTION PROGRAM.—Subject to clauses (ii) and (iii), if an acreage limitation program under subsection (f)(2) is in effect for a crop of feed grains and the producers on a farm devote a portion of the permitted feed grain acreage of the farm (as determined in accordance with subsection (f)(2)(A)) to conservation uses, the producers shall be eligible for an increase of up to one percent in the established price of the crop of feed grains, on the acreage on the farm actually planted to feed grains, for each one percent of the permitted feed grain acreage of the farm devoted to conservation uses.

"(ii) The portion of permitted feed grain acreage of the farm devoted to conservation uses under clause (i) shall not exceed 10 percent of the crop acreage base of the farm.

"(iii) Such increase in the established price shall not result in a producer receiving more in payments than the maximum amount such producer would be eligible to receive under section 105A(C)(1)(B).

"(iv) The feed grain crop acreage base and the feed grain farm program payment yield for the farm may not be reduced due to the fact that such portion of the permitted acreage of the farm was devoted to conserving uses.

"(J)(i) BARLEY CALCULATIONS.—The Secretary shall, for purposes of determining the payment rate for barley under subparagraphs (C)(i) and (D)(ii), use the national weighted average market price received by producers of barley sold primarily for feed purposes.

"(ii)(I) In the case of the 1991 crop of barley, the Secretary shall, for purposes of determining any advance deficiency payment made to the producers of barley under section 107C, use the national weighted average market price received by producers for all barley, as determined by the Secretary.

"(II) In implementing this subsection, the Secretary shall ensure that producers of the 1991 crop of barley, notwithstanding the method of calculation or the amount of the advance deficiency payment, shall be equal to receive the total amount of payments as calculated under clause (i).

"(2) DISASTER ASSISTANCE.—(A) PREVENTED PLANTING PAYMENTS.—(i) Except as provided in subparagraph (C), if the Secretary determines that the producers on a farm

are prevented from planting any portion of the acreage intended for feed grains to feed grains or other nonconserving crops because of drought, flood, or other natural disaster, or other condition beyond the control of the producers, the Secretary shall make a prevented planting disaster payment to the producers in an amount equal to the product obtained by multiplying—

"(I) the number of acres so affected but not to exceed the acreage planted to feed grains for harvest (including any acreage that the producers were prevented from planting to feed grains or other nonconserving crops in lieu of feed grains because of drought, flood, or other natural disaster, or other condition beyond the control of the producers) in the immediately preceding year; by

"(II) 75 percent of the farm program payment yield established by the Secretary; by

"(III) a payment rate equal to 33⅓ percent of the established price for the crop.

"(ii) Payments made by the Secretary under this subparagraph may be made in the form of cash or from stocks of feed grains held by the Commodity Credit Corporation.

"(B) REDUCED YIELD PAYMENTS.—Except as provided in subparagraph (C), if the Secretary determines that because of drought, flood, or other natural disaster, or other condition beyond the control of the producers, the total quantity of feed grains that the producers are able to harvest on any farm is less than the result of multiplying 60 percent of the farm program payment yield established by the Secretary for such crop by the acreage planted for harvest for such crop, the Secretary shall make a reduced yield disaster payment to the producers at a rate equal to 50 percent of the established price for the crop for the deficiency in production below 60 percent for the crop.

"(C) LIMITATION DUE TO CROP INSURANCE.—Producers on a farm shall not be eligible for—

"(i) prevented planting disaster payments under subparagraph (A), if prevented planting crop insurance is available to the producers under the Federal Crop Insurance Act (7 U.S.C. 1501 et seq.) with respect to the feed grain acreage of the producers; or

"(ii) reduced yield disaster payments under subparagraph (B), if reduced yield crop insurance is available to the producers under such Act with respect to the feed grain acreage of the producers.

"(D) EXCEPTION FROM LIMITATION.—(i) Notwithstanding subparagraph (C), the Secretary may make a disaster payment to the producers on a farm under this paragraph if the Secretary determines that—

"(I) as the result of drought, flood, or other natural disaster, or other condition beyond the control of the producers, the producers on a farm have suffered substantial losses of production either from being prevented from planting feed grains or other nonconserving crops or from reduced yields;

"(II) such losses have created an economic emergency for the producers;

"(III) crop insurance indemnity payments under the Federal Crop Insurance Act (7 U.S.C. 1501 et seq.) and other forms of assistance made available by the Federal Government to such producers for such losses are insufficient to alleviate such economic emergency; and

"(IV) additional assistance must be made available to such producers to alleviate such economic emergency.

"(ii) The Secretary may make such adjustments in the amount of payments made available under this subparagraph with respect to an individual farm so as to assure the equitable allotment of such payments among producers, taking into account other forms of Federal disaster assistance provided to the producers for the crop involved.

"(d) NATIONAL PROGRAM ACREAGE.—(1) IN GENERAL.—(A) PROCLAMATION.—Except for a crop with respect to which there is an acreage limitation program in effect under subsection (f), the Secretary shall proclaim a national program acreage for each of the 1991 through 1995 crops of feed grains. The proclamation shall be made not later than September 30 of each calendar year for the crop harvested in the next succeeding calendar year.

"(B) REVISION.—The Secretary may revise the national program acreage first proclaimed for any crop year for the purpose of determining the allocation factor under paragraph (2) if the Secretary determines it necessary based on the latest information. The Secretary shall proclaim such revised national program acreage as soon as such revision is made.

"(C) AMOUNT OF ACREAGE.—The national program acreage for feed grains shall be the number of harvested acres that the Secretary determines (on the basis of the

weighted national average of the farm program payment yields for the crop for which the determination is made) will produce the quantity (less imports) that the Secretary estimates will be utilized domestically and for export during the marketing year for such crop.

"(D) ADJUSTMENT FOR CARRYOVER.—If the Secretary determines that carryover stocks of feed grains are excessive or an increase in stocks is needed to assure desirable carryover, the Secretary may adjust the national program acreage by the quantity the Secretary determines will accomplish the desired increase or decrease in carryover stocks.

"(E) INAPPLICABILITY TO OATS.—This subsection shall not apply to the 1991 through 1995 crop of oats.

"(2) PROGRAM ALLOCATION FACTOR.—The Secretary shall determine a program allocation factor for each crop of feed grains, if the Secretary proclaims a national program acreage for such crop. The allocation factor for feed grains shall be determined by dividing the national program acreage for the crop by the number of acres that the Secretary estimates will be harvested for such crop, except that in no event shall the allocation factor for any crop of feed grains be more than 100 percent nor less than 80 percent.

"(3) FARM PROGRAM ACREAGE.—(A) DETERMINATION.—Except as provided in subsection (f)(2), the individual farm program acreage for each crop of feed grains shall be determined by multiplying the allocation factor by the acreage of feed grains planted for harvest on the farms for which individual farm program acreages are required to be determined.

"(B) LIMITATION ON REDUCTION.—The individual farm program acreage shall not be further reduced by application of the allocation factor if the producers reduce the acreage of feed grains planted for harvest on the farm from the crop acreage base established for the farm under title V by at least the percentage recommended by the Secretary in the proclamation of the national program acreage.

"(C) FAIR AND EQUITABLE TREATMENT.—The Secretary shall provide fair and equitable treatment for producers on farms on which the acreage of feed grains planted for harvest is less than the crop acreage base established for the farm under title V, but for which the reduction is insufficient to exempt the farm from the application of the allocation factor.

"(D) ADJUSTMENT FOR EXEMPTIONS.—In establishing the allocation factor for feed grains, the Secretary may make such adjustment as the Secretary deems necessary to take into account the extent of exemption of farms under the foregoing provisions of this paragraph.

"(e) FARM PROGRAM PAYMENT YIELDS.—The farm program payment yields for farms for each crop of feed grains shall be determined under title V.

"(f) PROGRAMS TO REDUCE ACREAGE.—(1) IN GENERAL.—(A) EXCESSIVE SUPPLY.—(i) Notwithstanding any other provision of this Act, except as provided in subparagraphs (B) through (D), if the Secretary determines that the total supply of feed grains, in the absence of an acreage limitation or set-aside program, will be excessive taking into account the need for an adequate carryover to maintain reasonable and stable supplies and prices and to meet a national emergency, the Secretary may provide for any crop of feed grains either an acreage limitation program as described in paragraph (2) or a set-aside program as described in paragraph (3).

"(ii) In making a determination under clause (i), the Secretary shall take into consideration the number of acres placed in the conservation acreage reserve established under section 1231 of the Food Security Act of 1985 (16 U.S.C. 3831).

"(iii) If the Secretary elects to put either of such programs into effect for any crop year, the Secretary shall announce any such program not later than September 30 prior to the calendar year in which the crop is harvested.

"(iv) Not later than November 15 of the year previous to the year in which the crop is harvested, the Secretary may make adjustments in an announcement made under clause (iii) if the Secretary determines that there has been a significant change in the total supply of feed grains since the program was first announced.

"(B) AMOUNT OF ACREAGE REDUCTION.—In the case of each of the 1991 through 1995 crops of feed grains, if the Secretary estimates for a marketing year for the crop that the ratio of ending stocks of corn to total use of corn for the preceding marketing year will be—

"(i) more than 25 percent, the Secretary shall provide for an acreage limitation program (as described in paragraph (2)) under which the acreage planted to feed grains for harvest on a farm would be limited to the feed grain crop acreage base for the farm for the crop reduced by not less than 12.5 percent nor more than 20 percent; or

"(ii) 25 percent or less, the Secretary may provide for an acreage limitation program (as described in paragraph (2)) under which the acreage planted to feed grains for harvest on a farm would be limited to the feed grain crop acreage base for the farm for the crop reduced by not more than 12.5 percent.

"(C) CONDITION FOR ELIGIBILITY FOR FEED GRAINS.—As a condition of eligibility for loans, purchases, and payments for any such crop of feed grains, except as provided in subsection (g), the producers on a farm must comply with the terms and conditions of the acreage limitation program and, if applicable, the land diversion program, as provided in paragraph (5).

"(D) CONDITION FOR ELIGIBILITY FOR OATS.—Except as provided in paragraph (9), as a condition of eligibility for loans, purchases, and payments for the 1991 through 1995 crop of oats, the producers of oats on a farm may not plant oats in excess of the crop acreage base for the farm.

"(2) ACREAGE LIMITATION PROGRAM.—(A) UNIFORM PERCENTAGE.—If a feed grain acreage limitation program is announced under paragraph (1), such limitation shall be achieved by applying a uniform percentage reduction to the feed grain crop acreage base for the crop for each feed grain-producing farm.

"(B) ENFORCEMENT.—Except as provided in subsection (g), producers who knowingly produce feed grains in excess of the permitted feed grain acreage for the farm shall be ineligible for feed grain loans, purchases, and payments with respect to that farm.

"(C) EXCEPTION FOR MALTING BARLEY.—The Secretary may provide that no producer of malting barley shall be required as a condition of eligibility for feed grain loans, purchases, and payments to comply with any acreage limitation under this paragraph if such producer has previously produced a malting variety of barley for harvest, plants barley only of an acceptable malting variety for harvest, and meets such other conditions as the Secretary may prescribe.

"(D) FEED GRAIN CROP ACREAGE BASE.—Feed grain crop acreage bases for each crop of feed grains shall be determined under title V.

"(E) DETERMINATION OF CONSERVATION USE ACREAGE.—(i) A number of acres on the farm shall be devoted to conservation uses, in accordance with regulations issued by the Secretary. Such number shall be determined by dividing—

"(I) the product obtained by multiplying the number of acres required to be withdrawn from the production of feed grains times the number of acres planted to such commodity; by

"(II) the number of acres authorized to be planted to such commodity under the limitation established by the Secretary.

"(ii) The number of acres so determined is hereafter in this subsection referred to as 'reduced acreage'.

"(F) INAPPLICABILITY OF NATIONAL PROGRAM ACREAGE.—If an acreage limitation program is announced under paragraph (1) for a crop of feed grains, subsection (d) shall not be applicable to such crop, including any prior announcement that may have been made under such subsection with respect to such crop.

"(G) INDIVIDUAL FARM PROGRAM ACREAGE.—Except as otherwise provided in subsection (c)(1)(B) and (c)(1)(I), the individual farm program acreage shall be the acreage planted on the farm to feed grains for harvest within the permitted feed grain acreage for the farm as established under this paragraph.

"(H) LIMITATION ON OATS ACREAGE REDUCTION.—In the case of the 1991 through 1995 crops of oats, the Secretary—

"(i) shall not establish a percentage reduction in accordance with paragraph (1) in excess of 5 percent, unless the Secretary determines that the supply of oats will be excessive without a greater percentage reduction than 5 percent; and

"(ii) may establish a percentage reduction for oats in accordance with paragraph (1) of less than 5 percent. If the Secretary does not establish a percentage reduction requirement for oats, the Secretary shall ensure that the crop acreage bases established for the farm and the farm acreage base are not increased as a result of this clause.

"(3) SET-ASIDE REQUIRED.—(A) IN GENERAL.—If a set-aside program is announced under paragraph (1), as a condition of eligibility for loans, purchases, and payments for feed grains authorized by this Act (except as provided in subsection (g)), the producers on a farm shall—

"(i) set aside and devote to conservation uses an acreage of cropland equal to a specified percentage, as determined by the Secretary, of the acreage of feed grains planted for harvest for the crop for which the set-aside is in effect; and

"(ii) otherwise comply with the terms of such program.

"(B) CONSERVATION USE REQUIRED.—The set-aside acreage shall be devoted to conservation uses, in accordance with regulations issued by the Secretary.

"(C) UNIFORM ACREAGE LIMITATION.—If a set-aside program is established, the Secretary may limit the acreage planted to feed grains. Such limitation shall be applied on a uniform basis to all feed grain-producing farms.

"(D) ADJUSTMENTS TO SET-ASIDE.—The Secretary may make such adjustments in individual set-aside acreages under this section as the Secretary determines necessary—

"(i) to correct for abnormal factors affecting production; and

"(ii) to give due consideration to tillable acreage, crop-rotation practices, types of soil, soil and water conservation measures, topography, and such other factors as the Secretary determines necessary.

"(4) USE OF CONSERVATION ACREAGE.—(A) PROTECTION FROM WEEDS AND EROSION.—The regulations issued by the Secretary under paragraphs (2) and (3) with respect to acreage required to be devoted to conservation uses shall assure protection of such acreage from weeds and wind and water erosion.

"(B) PERMITTED PLANTINGS.—The Secretary may permit, subject to such terms and conditions as the Secretary may prescribe, all or any part of such acreage to be devoted to sweet sorghum, or the production of guar, sesame, safflower, sunflower, castor beans, mustard seed, crambe, plantago ovato, flaxseed, triticale, rye, or other commodities, if the Secretary determines that such production is needed to provide an adequate supply of such commodities, is not likely to increase the cost of the price support program, and will not affect farm income adversely.

"(C) HAYING AND GRAZING.—(i) Except as provided in clause (ii), haying and grazing of acreage designated as conservation use acreage for the purpose of meeting any requirements established under an acreage limitation program (including a program conducted under subsection (c)(1)(B) or subsection (c)(1)(I)), set-aside program, or land diversion program established under this section shall be permitted, except during any consecutive 5-month period that is established by the State committee established under section 8(b) of the Soil Conservation and Domestic Allotment Act (16 U.S.C. 590h(b)) for a State. Such 5-month period shall be established during the period beginning April 1, and ending October 31, of a year.

"(ii) In the case of a natural disaster, the Secretary may permit unlimited haying and grazing on such acreage.

"(D) SUMMER FALLOW.—In determining the quantity of land to be devoted to conservation uses under an acreage limitation or set-aside program with respect to land that has been farmed under summer fallow practices, as defined by the Secretary, the Secretary shall consider the effects of soil erosion and such other factors as the Secretary considers appropriate.

"(5) LAND DIVERSION PROGRAM.—(A) PAYMENTS.—The Secretary may make land diversion payments to producers of feed grains, whether or not an acreage limitation or set-aside program for feed grains is in effect, if the Secretary determines that such land diversion payments are necessary to assist in adjusting the total national acreage of feed grains to desirable goals. Such land diversion payments shall be made to producers who, to the extent prescribed by the Secretary, devote to approved conservation uses an acreage of cropland on the farm in accordance with land diversion contracts entered into by the Secretary with such producers.

"(B) BIDS FOR CONTRACTS.—The amounts payable to producers under land diversion contracts may be determined through the submission of bids for such contracts by producers in such manner as the Secretary may prescribe or such other means as the Secretary determines appropriate. In determining the acceptability of contract offers, the Secretary shall take into consideration the extent of the diversion to be undertaken by the producers and the productivity of the acreage diverted.

"(C) LIMITATION ON DIVERTED ACREAGE.—The Secretary shall limit the total acreage to be diverted under agreements in any county or local community so as not to affect adversely the economy of the county or local community.

"(6) WILDLIFE USES FOR REDUCED AND DIVERTED ACREAGE.—(A) IN GENERAL.—Any reduced acreage, set-aside acreage, and additional diverted acreage may be devoted to wildlife food plots or wildlife habitat in conformity with standards established by the Secretary in consultation with wildlife agencies.

"(B) WILDLIFE USE COST SHARING.—The Secretary may pay an appropriate share of the cost of practices designed to carry out the purposes of subparagraph (A).

"(C) CONSERVATION COST SHARING.—The Secretary may also pay an appropriate share of the cost of approved soil and water conservation practices (including practices that may be effective for a number of years) established by the producer on reduced acreage, set-aside acreage, or additional diverted acreage.

"(D) ENCOURAGEMENT OF PUBLIC ACCESS.—The Secretary may provide for an additional payment on such acreage in an amount determined by the Secretary to be appropriate in relation to the benefit to the general public if the producer agrees to permit, without other compensation, access to all or such portion of the farm, as the Secretary may prescribe, by the general public, for hunting, trapping, fishing, and hiking, subject to applicable State and Federal regulations.

"(7) PARTICIPATION AGREEMENTS.—(A) IN GENERAL.—An operator of a farm desiring to participate in the program conducted under this subsection shall execute an agreement with the Secretary providing for such participation not later than such date as the Secretary may prescribe.

"(B) MODIFICATION OR TERMINATION.—The Secretary may, by mutual agreement with producers on a farm, terminate or modify any such agreement if the Secretary determines such action necessary because of an emergency created by drought or other disaster or to prevent or alleviate a shortage in the supply of agricultural commodities.

"(8) BUSHEL PRODUCTION TARGETS.—Notwithstanding the foregoing provisions of this subsection, in carrying out the program conducted under this subsection, the Secretary may prescribe production targets for participating farms expressed in bushels of production so that all participating farms achieve the same pro rata reduction in production as prescribed by the national production targets.

"(9)(A) In any crop year that the Secretary determines that projected domestic production of oats will not fulfill the projected domestic demand for oats the Secretary, notwithstanding the foregoing provisions of this subsection—

"(i) shall, subject to subparagraph (B), provide that any reduced acreage and set-aside acreage may be planted to oats for harvest;

"(ii) may make program benefits (including, but not limited to, loans, purchases, and payments) available under the annual program for oats under this title available to producers with respect to acreage planted to oats under this paragraph; and

"(iii) shall not make program benefits other than the benefits specified in clause (ii) available to producers with respect to acreage planted to oats under this paragraph.

"(B) LIMITATION.—(i) If the Secretary estimates that oats planted to such acreage will result in projected domestic production of oats exceeding the projected domestic demand of oats, the Secretary shall limit the amount of such acreage that producers may plant to oats for harvest under subparagraph (A) to an amount that will result in projected domestic production fulfilling projected domestic demand.

"(ii) Such limitation may be achieved by applying a uniform percentage reduction to such acreage for each farm.

"(g) EXCEPTIONS TO PROGRAMS TO REDUCE ACREAGE.—(1) ONE-HALF ACREAGE REDUCTION PROGRAM.—(A) IN GENERAL.—The Secretary may, for each of the 1991 through 1995 crops of corn, grain sorghum, oats, and barley, make payments available to producers who meet the requirements of this paragraph.

"(B) FORM OF PAYMENT.—Such payments shall be—

"(i) made in the form of such feed grains, respectively, owned by the Commodity Credit Corporation; and

"(ii) subject to the availability of such feed grains.

"(C) DETERMINATION OF PAYMENT.—(i) Payments under this subsection shall be determined in the same manner as provided in subsection (b).

"(ii) The quantity of feed grains to be made available to a producer under this subsection shall be equal in value to the payments so determined under such subsection.

"(D) ELIGIBILITY.--A producer shall be eligible to receive a payment under this subsection for a crop if the producer—

"(i) agrees to forgo obtaining a loan or purchase agreement under subsection (a);

"(ii) agrees to forgo receiving payments under subsection (c);

"(iii) does not plant feed grains for harvest in excess of the crop acreage base reduced by one-half of any acreage required to be diverted from production under subsection (f); and

"(iv) otherwise complies with this section.

"(2) ACRE-FOR-ACRE REDUCTION.—(A) IN GENERAL.—The Secretary may permit producers on a farm to plant feed grains on a portion of the acreage otherwise required to be devoted to conservation uses under subsection (f) if the producers agree to a corresponding reduction, on an acre-for-acre basis, in the farm program acreage used to compute deficiency payments under subsection (c)(1)(A)(ii).

"(B) LIMITATION.—If the Secretary exercises the authority provided under subparagraph (A), then the Secretary shall implement this paragraph in such a manner that no greater outlays by the Commodity Credit Corporation result from its implementation.

"(C) BASES AND YIELDS UNAFFECTED.—The feed grain crop acreage base and the feed grain farm program payment yield for the farm may not be increased or reduced due to the fact that such portion of the conserving use acres for the farm was planted to feed grains as authorized under this subparagraph.

"(h) EQUITABLE RELIEF.—(1) LOANS, PURCHASES, AND PAYMENTS.—If the failure of a producer to comply fully with the terms and conditions of the program conducted under this section precludes the making of loans, purchases, and payments, the Secretary may, nevertheless, make such loans, purchases, and payments in such amounts as the Secretary determines are equitable in relation to the seriousness of the failure. The Secretary may consider whether the producer made a good faith effort to comply fully with the terms and conditions of such program in determining whether equitable relief is warranted under this paragraph.

"(2) DEADLINES AND PROGRAM REQUIREMENTS.—The Secretary may authorize the county and State committees established under section 8(b) of the Soil Conservation and Domestic Allotment Act (16 U.S.C. 590h(b)) to waive or modify deadlines and other program requirements in cases in which lateness or failure to meet such other requirements does not affect adversely the operation of the program.

"(i) REGULATIONS.—The Secretary may issue such regulations as the Secretary determines necessary to carry out this section.

"(j) COMMODITY CREDIT CORPORATION.—The Secretary shall carry out the program authorized by this section through the Commodity Credit Corporation.

"(k) ASSIGNMENT OF PAYMENTS.—The provisions of section 8(g) of the Soil Conservation and Domestic Allotment Act (16 U.S.C. 590h(g)) (relating to assignment of payments) shall apply to payments under this section.

"(l) EQUITABLE SHARING OF PAYMENTS.—The Secretary shall provide for the sharing of payments made under this section for any farm among the producers on the farm on a fair and equitable basis.

"(m) TENANTS AND SHARECROPPERS.—The Secretary shall provide adequate safeguards to protect the interests of tenants and sharecroppers.

"(n) PROHIBITIONS.—(1) CROSS COMPLIANCE.—(A) IN GENERAL.—Compliance on a farm with the terms and conditions of any other commodity program, or compliance with crop acreage base requirements for any other commodity, may not be required as a condition of eligibility for loans or payments under this section.

"(B) CROP ACREAGE BASE INCREASES.—If a producer on a farm is participating in the feed grains program under this section, the crop acreage base for any other commodity for the farm may not be increased if such commodity is produced on the farm in a manner that is not in compliance with—

"(i) the terms and conditions of the applicable commodity program for such commodity; or

"(ii) the crop acreage base requirements of the applicable commodity program for such commodity.

"(2) OFFSETTING COMPLIANCE.—The Secretary may not require producers on a farm, as a condition of eligibility for loans, purchases, or payments under this section for such farm, to comply with the terms and conditions of the feed grains program with respect to any other farm operated by such producers.".

SEC. 1002. PRICE SUPPORT FOR HIGH MOISTURE FEED GRAINS.

(a) RECOURSE LOANS.—Notwithstanding any other provision of law, effective for each of the 1991 through 1995 crops of feed grains, the Secretary of Agriculture shall make available recourse loans as determined by the Secretary, as provided in this section, to producers on a farm who—

(1) normally harvest all or a portion of their crop of feed grains in a high moisture state (herein defined as a feed grain having a moisture content in excess of Commodity Credit Corporation standards for loans made by the Secretary under sections 105A(a)(1) and (6) of the Agricultural Act of 1949);

(2)(A) present certified scale tickets from an inspected, certified commercial scale, including licensed warehouses, feedlots, feed mills, distilleries, or other similar entities approved by the Secretary, pursuant to regulations issued by the Secretary; or

(B) present field or other physical measurements of the standing or stored feed grain crop in regions of the country, as determined by the Secretary, that do not have certified commercial scales from which certified scale tickets may be obtained within reasonable proximity of harvest operation;

(3) certify that they were the owners of the feed grain at the time of delivery to, and that the amount to be placed under loan was in fact harvested on the farm and delivered to, a feedlot, feed mill, or commercial or on-farm high-moisture storage facility, or to such facilities maintained by the users of such high-moisture feed grain;

(4) comply with deadlines established by the Secretary for harvesting the feed grain and submit applications for loans within deadlines established by the Secretary; and

(5) participate in an acreage limitation or set-aside program for such crop of feed grains established by the Secretary.

(b) ELIGIBILITY OF ACQUIRED FEED GRAINS.—Such loans shall be made on a quantity of feed grains of the same crop acquired by the producer equivalent to a quantity determined by multiplying—

(1) the acreage of the feed grain in a high moisture state harvested on the producer's farm; by

(2) the lower of the farm program payment yield or the actual yield on a field, as determined by the Secretary, that is similar to the field from which such high moisture feed grain was obtained.

SEC. 1003. NONAPPLICABILITY OF SECTION 105 OF THE AGRICULTURAL ACT OF 1949 TO THE 1991 THROUGH 1995 CROPS OF FEED GRAINS.

Section 105 of the Agricultural Act of 1949 (7 U.S.C. 1444b) shall not be applicable to the 1991 through 1995 crops of feed grains.

SEC. 1004. CALCULATION OF REFUNDS OF ADVANCE ESTABLISHED PRICE PAYMENTS BY PRODUCERS OF THE 1988 OR 1989 CROPS OF FEED BARLEY.

(a) MANDATORY CALCULATION OF REFUND.—(1) IN GENERAL.—Not later than 45 days after the date of enactment of this Act, the Secretary of Agriculture shall calculate, for informational purposes only (except as provided in the discretionary authority under subsection (b)), the amount of the refund of any advance deficiency payment a producer of barley who participated in the 1988 or 1989 Federal barley price support program would be required to make pursuant to section 107C of the Agricultural Act of 1949 (7 U.S.C. 1445b-2) based on a formula that includes the human food values of barley in all components of the calculations used to determine the amount of refund of the advance deficiency payment required of such producer.

(2) DISCLOSURE.—(A) TO THE PUBLIC.—The Secretary shall publish in the Federal Register—

(i) the formula used to perform the calculations described in paragraph (1);

(ii) the aggregate results that the use of such calculation would have pursuant to subsection (b), in terms of—

(I) the total reduction in the amount of refunds,

(II) the number of producers affected, and

(III) any other information the Secretary determines appropriate;

(iii) a declaration of the Secretary's decision whether to use such calculation to recalculate barley producer's refunds pursuant to subsection (b); and

(iv) a statement of the Secretary's reasons for the decision described in clause (iii).

(B) TO PRODUCERS.—The Secretary shall make available to each producer of 1988 or 1989 crop barley, upon request, a statement detailing the effect of the calculation of refunds described in paragraph (1) upon such producer's 1988 or 1989 refund.

(b) DISCRETIONARY USE OF CALCULATION.—(1) IN GENERAL.—The Secretary may use the calculation described in subsection (a) to determine whether or not to reduce the total refund owed by a producer of 1988 or 1989 crop barley under section 107C of the Agricultural Act of 1949.

(2) PROCEDURE FOR USE OF CALCULATION.—If the Secretary decides to use the calculation described in subsection (a) as provided under paragraph (1), then, in the case of a producer of 1988 or 1989 crop barley who paid the refund of the advance deficiency payment for such crop calculated prior to the enactment of this Act (or any amount of refund in excess of the amount of the refund determined in accordance with paragraph (1)), the Secretary —

(i) shall, before May 31, 1991, reimburse the producer the amount of refund paid by the producer in excess of the refund determined in accordance with this section;

(ii) shall have the option to make such reimbursement in a lump sum or in installments;

(iii) shall, not later than 45 days after the date of enactment of this Act, notify producers who are eligible to receive such reimbursement of their 1988 or 1989 advance deficiency payment refund under this section—

(I) of the timing of the payment of such reimbursement (either in lump sum or in installments),

(II) that the amount of such reimbursement shall not bear interest if paid before October 15, 1990, and

(III) that the amount of such reimbursement paid after October 15, 1990 shall bear interest at a rate of at least 7 percent per annum; and

(iv) may elect to pay such reimbursement in a lump sum with negotiable generic certificates redeemable for commodities owned by the Commodity Credit Corporation if such reimbursement is paid in full not later than 60 days after the date of enactment of this Act.

TITLE XI—GENERAL COMMODITY PROVISIONS

Subtitle A—Miscellaneous Commodity Provisions

SEC. 1101. PAYMENT LIMITATIONS.

(a) AMENDMENTS TO SECTION 1001 OF THE FOOD SECURITY ACT OF 1985.—Effective beginning with the 1991 crops, section 1001 of the Food Security Act of 1985 (7 U.S.C. 1308) is amended—

(1) in paragraph (1) by striking "1990" and inserting "1995";

(2) in paragraph (2)(A) by striking "1990" and inserting "1995";

(3) in paragraph (2)(B)(iii)(I) by striking "under section" and all that follows through "respectively" and inserting "under section 107A(a)(4), 105A(a)(4), 103B(a)(5), 101B(a)(5), or 201(b)(2), respectively,";

(4) in paragraph (2)(B)(iv) by striking "under section" and all that follows through "such Act" and inserting "under section 107A(c)(1) or 105A(c)(1), respectively, of the Agricultural Act of 1949 as the result of a reduction of the loan level for such crop under section 107A(a)(3) or 105A(a)(3) of such Act";

(5) in paragraph (2)(B)(v) by striking "107D(b), 105C(b), 103A(b), or 101A(b)," and inserting "107A(b), 105A(b), 103B(b), or 101B(b),"; and

(6) in paragraph (2)(B)(vi) by striking "107D(g), 105C(g), 103A(g), or 101A(g)" and inserting "107A(g)(1), 105A(g)(1), 103B(f), or 101B(f)".

(b) CONFORMING AMENDMENT.—Section 2 of the Act of December 11, 1989 (Public Law 101-217) is amended by striking "Effective only for" and inserting "Effective beginning with".

(c) AMENDMENT TO SECTION 1001C OF THE FOOD SECURITY ACT OF 1985.—Section 1001C(a) of the Food Security Act of 1985 (7 U.S.C. 1308-3(a)) is amended by striking "and 1990" and inserting "through 1995".

(d) TREATMENT OF MULTI-YEAR FARM PROGRAM CONTRACT PAYMENTS.—Effective beginning with the 1989 crops, the Food Security Act of 1985 is amended by inserting after section 1001C (7 U.S.C. 1308-C) the following new section:

"SEC. 1001D. TREATMENT OF MULTI-YEAR FARM PROGRAM CONTRACT PAYMENTS.

"(a) IN GENERAL.—Notwithstanding any other provision of law, in the event of a transfer of ownership of a farming operation (or an ownership interest in a farming operation) by way of gift (in anticipation of death or upon disability of the donor), devise, or descent, the Secretary of Agriculture shall continue to make to the new owner or owners all payments which may become due and payable by virtue of any multi-year program contract which was in effect at the time of the gift or the death of the prior owner.

"(b) LIMITATION ON INCREASE IN PAYMENTS.—Payments made pursuant to this section shall not exceed the amount to which the previous owner was entitled to receive under the terms of the contract at the time of the gift or the death of the prior owner.

"(c) LIMITATION ON DECREASE IN PAYMENTS.—Payments shall be made pursuant to this section to the new owner or owners of a farming operation (or an ownership interest in a farming operation) without regard to any limitation on farm program payments received by such new owner or owners in their capacity as separate persons actively engaged in farming with regard to any other farming operation, including the operation subject to the multi-year program payment contract which is the basis of this section.".

SEC. 1102. HYBRID SEED CORN PRODUCERS.

(a) DEFINITION.—For the purposes of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1281 et seq.) and the Agricultural Act of 1949 (7 U.S.C. 1421 et seq.) the terms "producer" and "producers" shall include a grower of hybrid seed corn under con-

tract, and the grower's interest in the crop shall be determined as though any contract for growing such hybrid seed corn did not exist.

(b) DETERMINATION OF ACTIVELY ENGAGED STATUS.—Section 1001A(b) of the Food Security Act of 1985 (7 U.S.C. 1308-1(b)) is amended by adding at the end the following paragraph:

"(6) GROWERS OF HYBRID SEED.—To determine whether a person growing hybrid seed under contract shall be considered to be actively engaged in farming, the Secretary shall not take into consideration the existence of any contract for growing such hybrid seed.".

SEC. 1103. ADVANCE DEFICIENCY AND DIVERSION PAYMENTS.

Effective only for the 1991 through 1995 crops of wheat, feed grains, upland cotton, and rice, section 107C of the Agricultural Act of 1949 (7 U.S.C. 1445b-2) is amended to read as follows:

"SEC. 107C. (a)(1) If the Secretary establishes an acreage limitation or set-aside program for any of the 1991 through 1995 crops of wheat, feed grains, upland cotton, or rice under this Act and determines that deficiency payments will likely be made for such commodity for such crop, the Secretary shall make advance deficiency payments available to producers for each of such crops.

"(2) Advance deficiency payments under paragraph (1) shall be made to the producer under the following terms and conditions:

"(A) Such payments may be made available in the form of—

"(i) cash;

"(ii) commodities owned by the Commodity Credit Corporation and negotiable certificates redeemable in a commodity owned by the Commodity Credit Corporation, except that not more than 50 percent of such payments may be made in commodities or such certificates in the case of any producer; or

"(iii) any combination of clauses (i) and (ii).

"(B) If payments are made available to producers as provided for under subparagraph (A)(ii), such producers may elect to receive such payments either in the form of—

"(i) such commodities; or

"(ii) such certificates.

"(C) Such a certificate shall be redeemable for a period not to exceed 3 years from the date such certificate is issued.

"(D) The Commodity Credit Corporation shall pay the cost of storing a commodity that may be received under such a certificate until such time as the certificate is redeemed.

"(E) Such payments shall be made available as soon as practicable after the producer enters into a contract with the Secretary to participate in such program.

"(F) Such payments shall be made available in such amounts as the Secretary determines appropriate to encourage adequate participation in such program, except that such amount may not exceed an amount determined by multiplying—

"(i) the estimated farm program acreage for the crop, by

"(ii) the farm program payment yield for the crop, by

"(iii)(I) in the case of wheat and feed grains, not less than 40 percent, nor more than 50 percent, of the projected payment rate; and

"(II) in the case of rice and upland cotton, not less than 30 percent, nor more than 50 percent, of the projected payment rate,

as determined by the Secretary.

"(G) If the deficiency payment payable to a producer for a crop, as finally determined by the Secretary under this Act, is less than the amount paid to the producer as an advance deficiency payment for the crop under this subsection, the producer shall refund an amount equal to the difference between the amount advanced and the amount finally determined by the Secretary to be payable to the producer as a deficiency payment for the crop concerned.

"(H) If the Secretary determines under this Act that deficiency payments will not be made available to producers on a crop with respect to which advance deficiency payments already have been made under this subsection, the producers who received such advance payments shall refund such payments.

"(I) Any refund required under subparagraph (G) or (H) shall be due at the end of the marketing year for the crop with respect to which such payments were made.

"(J) If a producer fails to comply with requirements established under the acreage limitation or set-aside program involved after obtaining an advance deficiency payment under this subsection, the producer shall repay immediately the amount of the advance, plus interest thereon in such amount as the Secretary shall prescribe by regulation.

"(3) The Secretary may issue such regulations as the Secretary determines necessary to carry out this section.

"(4) The Secretary shall carry out the program authorized by this section through the Commodity Credit Corporation.

"(5) The authority provided in this section shall be in addition to, and not in place of, any authority granted to the Secretary or the Commodity Credit Corporation under any other provisions of law.

"(b) If the Secretary makes land diversion payments under this Act to assist in adjusting the total national acreage of any of the 1991 through 1995 crops of wheat, feed grains, upland cotton, or rice to desirable levels, the Secretary may make at least 50 percent of such payments available to a producer as soon as possible after the producer agrees to undertake the diversion of land in return for such payments.".

SEC. 1104. COMMODITY CREDIT CORPORATION SALES PRICE RESTRICTIONS.

Effective only for the marketing years for the 1991 through 1995 crops, section 407 of the Agricultural Act of 1949 (7 U.S.C. 1427) is amended by—

(1) in the third sentence, striking the language following the third colon and inserting the following: "Provided, That, notwithstanding any other provision of law, the Corporation may not sell any of its stocks of wheat, corn, grain sorghums, barley, oats, and rye at less than (A) 150 percent of the current national average loan rate for the commodity, adjusted for such current market differentials reflecting grade, quality, location, and other value factors as the Secretary determines appropriate plus reasonable carrying charges, or (B) if the Secretary permits the repayment of loans made for a crop of the commodity at a rate that is less than the loan level determined for such crop, 150 percent of the average loan repayment rate that is determined for such crop during the period of such loans."; and

(2) in the seventh sentence, striking ", but in no event shall the purchase price exceed the then current support price for such commodities" and inserting "or unduly affecting market prices, but in no event shall the purchase price exceed the Corporation's minimum sales price for such commodities for unrestricted use".

SEC. 1105. DISASTER PAYMENTS FOR 1991 THROUGH 1995 CROPS OF PEANUTS, SOYBEANS, SUGAR BEETS, AND SUGARCANE.

(a) EXTENSION OF AMENDMENT TO SECTION 201 OF THE AGRICULTURAL ACT OF 1949.—Section 1008 of the Food Security Act of 1985 is amended by striking "1990" and inserting "1995".

(b) TECHNICAL CORRECTION.—Section 201(k)(1) of the Agricultural Act of 1949 (7 U.S.C. 1446(k)(1)) is amended by striking "Secetary" and inserting "Secretary".

SEC. 1106. EXTENSION AND ENHANCEMENT OF AUTHORITY FOR MULTIYEAR SET-ASIDE CONTRACTS.

Section 1010 of the Food Security Act of 1985 (7 U.S.C. 1445i) is amended—

(1) in paragraph (1) by—

(A) striking "The Secretary of Agriculture may" and inserting "The Secretary of Agriculture shall";

(B) striking "beyond the 1990" and inserting "beyond the 1995";

(C) striking "through 1990" and inserting "through 1995";

(D) striking "the set-aside acreage to vegetative cover capable" and all that follows through "natural beauty." and inserting "50 percent of the set-aside acreage to a perennial cover crop or an annual cover crop each year that is capable of naturally improving water quality, improving habitat for wildlife, or making forage available for drought emergencies, unless water conservation considerations or other crop management considerations identified in a conservation plan prepared for such land require otherwise. Seasonal flooding with shallow water shall be considered to be acceptable cover crop for the purpose of this section.";

(E) striking "Grazing" and inserting "Haying or grazing"; and

(F) striking "grazing" and inserting "haying or grazing"; and

(2) by adding at the end the following:

"(5) To be eligible to enter into a multi-year set-aside agreement and receive cost share assistance under this section a producer shall designate the same cropland each crop year for all agricultural set-aside and acreage limitation programs that are involved in multi-year set-aside programs, except that those croplands necessary for normal crop rotation or those lands used for changes in farm operations shall be exempt from this requirement. Each producer shall establish on such acreage a perennial cover crop or an annual cover crop that is capable of naturally improving soil fertility, reducing water problems, improving water quality, improving habitat for wildlife or making forage available for drought emergencies, unless water conservation considerations or other crop management considerations identified in a conservation plan for such land require otherwise.".

SEC. 1107. ESTABLISHMENT OF COVER CROP.

(a) IN GENERAL.—The Secretary should encourage producers who participate in an acreage reduction program established for a crop of wheat, feed grains, cotton or rice under the Agricultural Act of 1949 to plant an annual or perennial vegetative cover on reduced acreage that provides full season coverage capable of naturally improving soil fertility, reducing erosion, improving soil quality, enhancing wildlife, and making forage available for drought emergencies on all acreage required to be devoted to conservation uses, unless water conservation considerations or other crop management considerations identified in a conservation plan prepared for such land require otherwise.

(b) PARTICIPATION VOLUNTARY.—Participation by a producer in any program of encouragement under subsection (a) shall be at the discretion of the producer. Failure to participate in any such program shall not be used to determine eligibility for any other Federal program, unless specifically authorized by law.

(c) CONSIDERATION OF MANAGEMENT PRACTICES.—In any program of encouragement authorized under this section the Secretary shall provide for the planting of annual or vegetative cover crops consistent with normal crop rotation management practices, such as summer fallow or other conserving use management practices, traditionally practiced in the area.

SEC. 1108. SUPPLEMENTAL SET-ASIDE AND ACREAGE LIMITATION AUTHORITY.

Effective for the 1991 through 1995 crops of wheat and feed grains, section 113 of the Agricultural Act of 1949 (7 U.S.C. 1445h) is amended to read as follows:

"SUPPLEMENTAL SET-ASIDE AND ACREAGE LIMITATION AUTHORITY

"SEC. 113. Notwithstanding any other provision of law or prior announcement made by the Secretary to the contrary, the Secretary may announce and provide for a set-aside or acreage limitation program under section 105A or 107A for one or more of the 1991 through 1995 crops of wheat and feed grains if the Secretary determines that such action is in the public interest as a result of the imposition of restrictions on the export of any such commodity by the President or other member of the executive branch of the Federal Government. To carry out effectively a set-aside or acreage limitation program authorized under this section, the Secretary may make such modifications and adjustments in such program as the Secretary determines necessary because of any delay in instituting such program.".

SEC. 1109. EXTENSION OF THE FOOD SECURITY WHEAT RESERVE.

Section 302 of the Food Security Wheat Reserve Act of 1980 (7 U.S.C. 1736f-1) is amended—

(1) in subsection (b)(2)—

(A) by designating the current paragraph (2) as subparagraph (2)(A);

(B) by striking "(A)" and "(B)" and inserting "(i)" and "(ii)", respectively; and

(C) by adding the following new subparagraph:

"(B) Not later than 18 months after the release of stocks from the reserve, the Secretary of Agriculture shall replenish the reserve—

"(A) through purchase under subparagraph (A)(i) to the extent of the appropriations available; or

"(B) by designating an equivalent quantity of wheat from uncommitted stocks of the Commodity Credit Corporation, to the extent sufficient appropriations are not available under subparagraph (A)(i), except to the extent that the Secretary reports to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate that there are not sufficient uncommitted stocks of the Commodity Credit Corporation available."; and

(2) in subsection (i) by striking "1990" both places it appears and inserting "1995".

SEC. 1110. EXTENSION OF NORMALLY PLANTED ACREAGE PROVISIONS.

Sections 1001(a) and (b) of the Food and Agriculture Act of 1977 (7 U.S.C. 1309) are amended by striking "1990" each place it appears and inserting "1995".

SEC. 1111. EXTENSION OF PROVISIONS REGARDING THE ADVANCE ANNOUNCEMENT OF PROGRAMS.

(a) AMENDMENT THROUGH 1996 CROPS.—Section 406 of the Agricultural Act of 1949 (7 U.S.C. 1426) is amended by—

(1) striking "1990" each place it appears, other than in subsection (b)(3)(B)(ii), and inserting "1995";

(2) striking "1991" each place it appears, other than in subsection (b)(3)(B)(ii), and inserting "1996";

(3) in subsection (b)(2) striking "(B)(1)" and inserting "(B)(i)"; and

(4) adding at the end of subsection (b)(3)(B)(ii) a new clause as follows:

"(iii) In the case of the 1996 crop, the Secretary shall make available to producers of a commodity who exercise the election provided by this section and who comply fully with the terms and conditions of any acreage reduction program established for the 1995 crop of the commodity—

"(I) loans and purchases at the level established for the 1996 crop under legislation enacted subsequent to the date of the enactment of the Food and Agricultural Resources Act of 1990, except that if legislation is enacted subsequent to the enactment of such Act which provides that loans and purchases shall not be made with respect to the 1996 crop of a commodity, the Secretary may make available to producers of such commodity eligible for the election provided by this subsection loans and purchases at the level determined for the 1995 crop, or if legislation is not enacted subsequent to the enactment of such Act which provides that loans and purchases shall be made with respect to the 1996 crop of any such commodity, and if loans and purchases are available to producers of such commodity under laws previously enacted, none of the provisions of this section shall apply to the 1996 crop;

"(II) deficiency payments calculated on the basis of the established price for the commodity determined for the 1995 crop; and

"(III) payments equal to the difference between the level of loans and purchases that the producer is eligible to receive under subclause (I) for such commodity for the 1995 crop and the level of loans and purchases determined for such commodity for the 1995 crop.

Payments authorized by subclause (III) of the preceding sentence shall be made in cash or in the form of in-kind commodities.".

(b) AMENDMENT THROUGH 1995 CROPS.—Section 406 of the Agricultural Act of 1949 (7 U.S.C. 1426) is amended—

(1) in subsection (b)(1) by striking "1987 through 1991 crops of wheat, feed grains, upland cotton and rice" and inserting "1991 through 1995 crops of wheat and feed grains";

(2) in subsection (b)(1) by striking "1987 through 1991 crops of wheat, feed grains, upland cotton and rice" and inserting "1991 through 1995 crops of wheat and feed grains";

(3) in subsection (b)(2)(B) by striking clauses (iii) and (iv) and inserting "and" at the end of clause (B)(1);

(4) in subsection (b)(3)(B) by striking "(i) Except as provided in clause (ii)," and inserting "Effective for the 1992 through 1995 crops,"; and

(5) by striking subsection (b)(3)(B)(ii) and the last sentence in subparagraph (B).

SEC. 1112. EXTENSION OF PROVISIONS REGARDING CERTAIN DETERMINATIONS OF THE SECRETARY.

Section 1017(b) of the Food Security Act of 1985 (99 Stat. 1459) is amended by striking "1990" and inserting "1995".

SEC. 1113. APPLICATION OF TERMS IN THE AGRICULTURAL ACT OF 1949.

Section 1018 of the Food Security Act of 1985 (99 Stat. 1459) is amended by striking "1990" and inserting "1995".

SEC. 1114. NORMAL SUPPLY DETERMINATION.

Section 1019 of the Food Security Act of 1985 (7 U.S.C. 1310a) is amended by striking "1990" and inserting "1995".

SEC. 1115. NATIONAL AGRICULTURAL COST OF PRODUCTION STANDARDS REVIEW BOARD.

Section 1014 of the Agriculture and Food Act of 1981 (7 U.S.C. 4110) is amended by striking "1990" and inserting "1995".

SEC. 1116. PRODUCER RESERVE PROGRAM FOR WHEAT AND FEED GRAINS.

Effective beginning with the 1991 crops, section 110 of the Agricultural Act of 1949 (7 U.S.C. 1445e) is amended—

(1) by striking the first sentence in subsection (a) and inserting "If the Secretary estimates for any marketing year that the ratio of ending stocks to total use for the marketing year for wheat will be more than 40 percent or for corn will be more than 25 percent, the Secretary shall formulate and administer a program under which producers of wheat or feed grains, respectively, will be able to store wheat or feed grains to extend the time period for their orderly marketing and to provide for adequate, but not excessive, carryover stocks to ensure a reliable supply of the commodities.";

(2) in clause (1) of the third sentence of subsection (b) by striking "in not less than three years, with extensions as warranted by market conditions" and inserting: "in not less than 18 months, with one automatic 6-month extension upon the request of the producer, and further extensions at the discretion of the Secretary";

(3) in the third sentence of subsection (b) by striking clause (2) and inserting the following: "(2) payments to producers for storage at rates determined by the Secretary to be equivalent to average rates paid for commercial storage in that State and to be paid at the end of each calendar quarter after the grain has been stored;";

(4) in the third sentence of subsection (b) by striking clause (4) and inserting "(4) producers to redeem such loans at their discretion";

(5) in clause (5) of the third sentence of subsection (b) by striking "the higher of 140 percent of the nonrecourse loan rate for the commodity or the established price for such commodity," and inserting "150 percent of the nonrecourse loan rate,";

(6) by striking the fourth sentence of subsection (b);

(7) in subsection (c) by inserting at the end the following: "The Secretary may waive the repayment of principal or interest on loans made under this section if market conditions warrant."; and

(8) by striking paragraph (2) of subsection (e) and inserting the following:

"(2)(A) The total quantity of wheat stored under storage programs established under this section shall not exceed 300 million bushels.

"(B) The total quantity of feed grains stored under storage programs established under this section shall not exceed 600 million bushels.".

SEC. 1117. CERTIFICATES.

(a) AMENDMENT.—Section 107E of the Agricultural Act of 1949 (7 U.S.C. 1445b) is amended—

(1) in subsection (b)(3) by inserting "which shall enable any subsequent holders of such certificates to redeem such certificates under the same rules that apply to original holders of such certificates" before the semicolon; and

(2) by inserting at the end the following new subsection:

"(c) In the case of the annual programs for wheat or feed grains, if the Secretary makes in-kind payments available to producers for any payment under any such program, the Secretary shall also permit producers to elect to receive such payment in cash instead of in the form of an in-kind payment.".

(b) APPLICATION.—The amendment made by paragraph (a)(1) shall only apply during the 180-day period beginning on the date of enactment. No person may redeem more than $25,000 worth of certificates under such amendment.

(c) LIMITATIONS.—In no event shall a person receive a payment from the Commodity Credit Corporation for a certificate that is redeemed under the amendment made by paragraph (a)(1) in an amount greater than the price paid for the certificate by such person. No expired certificate shall be exchanged under this section if the owner purchased such certificate after January 1, 1990.

SEC. 1118. PROCEDURAL REQUIREMENTS.

The Agricultural Act of 1949 is amended by inserting after section 107F the following new section:

SEC. 107G. PROCEDURES FOR DISPOSITION OF STOCKS.

"(a) IN GENERAL.—The Commodity Credit Corporation shall, by rule, establish procedures for the exchange of certificates issued by the Commodity Credit Corporation for commodities or funds of the Commodity Credit Corporation, including any

procedures to be used by the Commodity Credit Corporation to determine the value of any such commodities.

"(b) ADVANCE ANNOUNCEMENT.—As soon as practicable before the marketing year or season for each commodity for which there is an annual program in effect under this Act, the Secretary shall announce the anticipated stock disposition actions with respect to the exchange of commodity certificates for commodities owned by the Commodity Credit Corporation (and reasons therefor) for that commodity for the marketing year or season.

"(c) ANNOUNCEMENT OF RATIONALE AND GOALS.—Whenever the Secretary decides to make payments to producers participating in annual programs under this Act using marketing certificates, the Secretary shall announce the rationale for such decision and the goals for the levels of Commodity Credit Corporation stocks.

"(d) REPAYMENT IN CERTIFICATES.—Whenever the Secretary decides to make payments to producers participating in annual programs under this Act using marketing certificates, the Secretary shall allow producers to make any refund of those payments by using such certificates.".

SEC. 1119. FINANCIAL IMPACT ASSESSMENT.

The Secretary shall conduct an annual assessment of the financial impact of the support levels established and announced by the Secretary under programs contained in the Agricultural Act of 1949 (hereafter "programs"), including an assessment of the effect of such support levels on the ability of producers to meet their financial obligations (with special emphasis on borrowers from the Farmers Home Administration and the Farm Credit System). The Secretary shall annually prepare a report containing the results of such assessment and submit such report to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate, not later than the date of the final announcement for such programs by the Secretary for any one year. The assessment under this section, including the assessment of the effect of such support levels on the ability of producers to meet their financial obligations, shall be only for informational purposes and for Congressional oversight and shall not give rise to any cause of action, be a basis for, or be used as evidence in support of, any claim or right of any person, including farmers and borrowers, in any administrative or judicial proceeding.

SEC. 120. SURVEY OF PROGRAM PARTICIPANTS.

(a) SURVEY.—The Secretary of Agriculture (hereafter in this section referred to as the "Secretary") shall provide that producers, during the sign-up period for commodity programs under the Agricultural Act of 1949 (7 U.S.C. 1441) in the 1991 calendar year, complete a survey regarding the preference of such producers, either to increase the efficiency of their farming operation or to assist in meeting conservation requirements for the farm, for the redistribution of any crop acreage bases on each producer's farm. Such survey shall include questions designed to determine whether such producers would prefer to redistribute their current crop acreage bases—

(1) in different proportions among the program crops for which such producers currently have a crop acreage base;

(2) among program crops for which such producers currently do not have a crop acreage base; or

(3) in some combination of the options provided under paragraphs (1) and (2) without exceeding total cropland of the farm. Such survey shall be prepared and administered by the Agricultural Stabilization and Conservation Service, and conducted in every county where sign-ups for Federal commodity programs are administered.

(b) ANALYSIS OF DATA.—The Secretary shall compile and analyze the data collected from the survey required under subsection (a) to determine—

(1) the potential increases and decreases in State, regional, and national acreage that would be planted to various program crops if producers were given the option to redistribute their current crop acreage bases as indicated by the survey conducted under subsection (a);

(2) the potential commodity program costs or savings if producers were allowed to implement the redistribution of such crop acreage bases as described in paragraph (1);

(3) the potential impact of such a redistribution of crop acreage bases on the competitiveness of United States agriculture in world markets; and

(4) such other consequences of such a redistribution of crop acreage bases that the Secretary determines to be of significance to United States agriculture.

(c) REPORT.—Not later than January 31, 1992, the Secretary shall submit to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate a report on the results of the survey conducted under subsection (a). Such report shall—

(1) include a compilation of the data collected pursuant to the survey conducted under subsection (a);

(2) include the results of the analysis and determinations required under subsection (b);

(3) provide a summary of such data and determinations on a program crop-by-program crop and State-by-State basis; and

(4) provide such other recommendations or information as the Secretary determines appropriate.

Subtitle B—Uniform Base Acreage and Yield Provisions

SEC. 1121. ACREAGE BASE AND PROGRAM YIELD SYSTEM FOR THE WHEAT, FEED GRAIN, UPLAND COTTON, AND RICE PROGRAMS.

Effective for the 1991 through 1995 crops of wheat, feed grains, upland cotton, and rice, title V of the Agricultural Act of 1949 (7 U.S.C. 1461 et seq.) is amended to read as follows:

"TITLE V—ACREAGE BASE AND PROGRAM YIELD SYSTEM FOR THE WHEAT, FEED GRAIN, UPLAND COTTON, AND RICE PROGRAMS

"SEC. 501. PURPOSE.

"The purpose of this title is to prescribe a system for establishing farm and crop acreage bases and program yields for the wheat, feed grain, upland cotton, and rice programs under this Act that is efficient, equitable, flexible, and predictable.

"SEC. 502. DEFINITIONS.

"For purposes of this title—

"(1) the term 'program crop' means any crop of wheat, feed grains, upland cotton, or rice; and

"(2) the term 'county committee' means the county committee established under section 8(b) of the Soil Conservation and Domestic Allotment Act (16 U.S.C. 590h(b)) for the county in which the farm is administratively located.

"SEC. 503. FLEXIBLE ACREAGE BASE AND FLEXIBLE CROP ACREAGE.

"(a) ESTABLISHMENT OF BASES.—The Secretary shall provide for the establishment and maintenance of flexible acreage bases for the 1991 and subsequent crop years.

"(b) DETERMINATION OF BASES.—The county committee, in accordance with regulations prescribed by the Secretary, shall determine the flexible acreage base for a farm for a crop year. Such flexible acreage base shall include the sum of—

"(1) the number of acres equal to the sum of the crop acreage bases for the farm; and

"(2) the average of the acreage on the farm planted and considered planted to soybeans, sunflower, canola, rapeseed, safflower, flaxseed, mustard seed, and any other oilseeds the Secretary may designate under section 201(g)(1)(A), in each of the 5 crop years immediately preceding the year for which the determination is made.

"(c) FLEXIBLE CROP ACREAGE.—(1) Designation by Producers.—Notwithstanding any other provision of this Act, the Secretary shall permit producers on a farm to designate up to 25 percent of such flexible acreage base for the crop year as flexible crop acreage. Such flexible crop acreage may be planted, at the option of the producer, to—

"(A) any program crop in an amount such that the plantings of all program crops on farm do not exceed the total of the permitted acreage for all program crops on the farm: *Provided;* That during any of the crop years 1991 through 1995 in which a percentage of permitted acres on a farm planted to a crop of wheat, feed grains, cotton, or rice shall be ineligible to receive deficiency payments by virtue of any program policy element that may subsequently be en-

acted removing from the producer of such crop the option to plant the permitted crop and receive deficiency payments thereon, then at such time and to the extent of the percentage of such ineligibility to receive deficiency payments on the permitted program crop or crops on the farm, the restrictions imposed by this subparagraph shall be waived as to the total plantings of all program crops on the farm on flexible acreage base on the farm as defined in this title.

"(B) soybeans, sunflower, canola, rapeseed, safflower, flaxseed, mustard seed, or any other oilseeds the Secretary may designate under section 201(g)(1)(A);

"(C) sweet sorghum, guar, sesame, castor beans, mustard, crambe, plantago ovato, triticale, rye, guayule, milkweed, mung bean, meadowfoam, jojoba, kenaf;

"(D) commodities grown for experimental purposes, as determined by the Secretary; or

"(E) commodities for which no substantial domestic production or market exists, as determined by the Secretary.

"(2) NOTIFICATION.—With regard to commodities that may be planted pursuant to paragraph (1)(D) and (E), the Secretary shall make a determination in each crop year of the commodities that will qualify for planting on flexible acres and shall publish a proposed list of such commodities in advance of making a final determination and granting the authority to producers to plant such commodities.

"(3) BASE PROTECTION.—For the purposes of determining the flexible acreage base or the crop acreage bases for the farm, any acreage on the farm that is designated as flexible crop acreage under paragraph (1), shall be considered to be planted to the program crop or oilseed specified in subsection (b)(2) for which such crop planted on such flexible crop acreage is substituted.

"(4) LIMITATION ON BENEFITS.—The Secretary shall not make program benefits, other than price support loans authorized under this Act for the program crop, available to producers with respect to a program crop planted on flexible crop acreage under paragraph (1), and shall ensure that the crop acreage bases and the flexible acreage base established for the farm are not increased due to such plantings.

"(d) OATS PLANTINGS.—(1) BASE PROTECTION.—Notwithstanding any other provision of this Act, the Secretary shall permit producers on a farm to designate any portion of the flexible acreage base (excluding any acreage specified in subsection (b)(2)) for the crop year as acreage base established for oats. For the purposes of determining the flexible acreage base or the crop acreage bases for the farm, any acreage on the farm that is designated as oats base under this paragraph and planted to oats for harvest shall be considered to be planted to the program crop for which oats are substituted.

"(2) OATS PROGRAM BENEFITS.—The Secretary may make program benefits (including, but not limited to, loans, purchases, and payments) available under the annual program for oats under section 105A available to producers with respect to acreage planted to oats under this subsection.

"(3) LIMITATION OF BENEFITS.—The Secretary shall not make program benefits other than benefits specified in paragraph (2) available to producers with respect to acreage planted to oats under paragraph (1), and shall ensure that the crop acreage bases established for the farm and the flexible acreage base are not increased due to such plantings.".

"SEC. 504. CROP ACREAGE BASES.

"(a) ESTABLISHMENT.—(1) IN GENERAL.—The Secretary shall provide for the establishment and maintenance of crop acreage bases for each program crop, including any program crop produced under an established practice of double cropping. The sum of the crop acreage bases for all program crops produced on any farm for any crop year shall not exceed the flexible acreage base for such farm for such crop year, except to the extent that the excess is due to an established practice of double cropping.

"(2) DOUBLE CROPPING.—The term 'double cropping' means a farming practice, as defined by the Secretary, which has been carried out on a farm in at least 3 of the 5 crop years immediately preceding the crop year for which the crop acreage base for the farm is established.

"(b) DETERMINATION.—(1) IN GENERAL.—(A) Except as provided in subparagraph (B), the crop acreage base for a program crop for any farm for the 1991 and subsequent crop years shall be the number of acres that is equal to the average of the acreage planted and considered planted to such program crop for harvest on the farm in each of the 5 crop years preceding such crop year.

"(B) In the case of upland cotton and rice, the crop acreage base for those crops shall be the number of acres that is equal to the average of the acreage planted and

considered planted to such program crop for harvest on the farm in each of the three crop years preceding such crop year.

"(2) ACREAGE CONSIDERED PLANTED.—The acreage considered planted to a program crop shall include—

"(A) any reduced acreage, set-aside acreage, and diverted acreage on the farm;

"(B) any acreage on the farm that producers were prevented from planting to such crop because of drought, flood, or other natural disaster, or other condition beyond the control of the producers;

"(C) acreage in an amount equal to the difference between the permitted acreage for a program crop and the acreage planted to the crop, if the acreage considered to be planted is devoted to conservation uses or the production of commodities permitted under section 107A(c)(1)(G), 105A(c)(1)(H), 103B(c)(1)(F), or 101B(c)(1)(F), as the case may be;

"(D) acreage designated as flexible crop acreage, other than that portion designated from acreage specified under section 503(b)(2);

"(E) any acreage on the farm that the Secretary determines is necessary to be included in establishing a fair and equitable crop acreage base;

"(F) any acreage on the farm for which the crop acreage base for the crop on the farm was adjusted because of a condition or occurrence beyond the control of the producer pursuant to subsection (e).

"(3) CONSTRUCTION OF PLANTING HISTORY.—For the purpose of determining the crop acreage base for the 1991 and subsequent crop years for any farm, the county committee, in accordance with regulations prescribed by the Secretary, may construct a planting history for such crop if—

"(A) planting records for such crop for any of the 5 crop years preceding such crop year are incomplete or unavailable; or

"(B) during at least one but not more than 4 of the 5 crop years preceding such crop year, the program crop was not produced on the farm.

"(c) CROP ROTATION.—The Secretary may make adjustments to reflect crop rotation practices and to reflect such other factors as the Secretary determines should be considered in determining a fair and equitable crop acreage base.

"(d) PREVENTED PLANTING.—If a county committee determines, in accordance with regulations prescribed by the Secretary, that the occurrence of a natural disaster or other similar condition beyond the control of the producer prevented the planting of a program crop on any farm within the county (or substantially destroyed any such program crop after it had been planted but before it had been harvested), the producer may plant any other crop, including any other program crop, on the acreage of such farm that, but for the occurrence of such disaster or other condition, would have been devoted to the production of a program crop. For purposes of determining the flexible acreage base or the crop acreage base, any acreage on the farm on which a substitute crop, including any program crop, is planted under this subsection shall be taken into account as if such acreage had been planted to the program crop for which the other crop was substituted.

"(e) ADJUSTMENT OF BASES.—The county committee, in accordance with regulations prescribed by the Secretary, may adjust any crop acreage base for any program crop for any farm if the crop acreage base for the crop on the farm would otherwise be adversely affected by a condition or occurrence beyond the control of the producer.

"SEC. 505. FARM PROGRAM PAYMENT YIELDS.

"(a) ESTABLISHMENT.—The Secretary shall provide for the establishment of a farm program payment yield for each farm for each program crop for each crop year. Such program payment yield shall be equal to the average of the farm program payment yields for the farm for the 1981 through 1985 crop years, excluding the year in which such yield was the highest and the year in which such yield was the lowest.

"(b) PRODUCER PROTECTIONS.—(1) LIMITATION ON REDUCTIONS.—If the farm program payment yield for a farm is reduced more than 10 percent below the farm program payment yield for the 1985 crop year, the Secretary shall make available to producers established price payments for the commodity in such amount as the Secretary determines is necessary to provide the same total return to producers as if the farm program payment yield had not been reduced more than 10 percent below the farm program payment yield for the 1985 crop year. Such payments shall be made available to producers not later than the time final deficiency payments are made available.

"(2) CONSTRUCTION OF YIELDS.—If no crop of the commodity was produced on the farm or no farm program payment yield was established for the farm for any of the 1981 through 1985 crop years, the farm program payment yield shall be established

on the basis of the average farm program payment yield for such crop years for similar farms in the area.

"(3) COUNTY YIELDS.—If the Secretary determines such action is necessary, the Secretary may establish national, State, or county program payment yields on the basis of—

"(A) historical yields, as adjusted by the Secretary to correct for abnormal factors affecting such yields in the historical period; or

"(B) the Secretary's estimate of actual yields for the crop year involved if historical yield data is not available.

"(4) BALANCING OF YIELDS.—If national, State, or county program payment yields are established, the farm program payment yields shall balance to the national, State, or county program payment yields.

"(c) DETERMINATION OF YIELDS.—(1) ACTUAL YIELDS.—With respect to the 1991 and subsequent crop years, the Secretary may (A) establish the farm program payment yield as provided in subsection (a), or (B) establish a farm program payment yield for any program crop for any farm on the basis of the average of the yield per harvested acre for the crop for such farm for each of the 5 crop years immediately preceding such crop year, excluding the crop year with the highest yield per harvested acre, the crop year with the lowest yield per harvested acre, and any crop year in which such crop was not planted on the farm. For purposes of the preceding sentence, the farm program payment yield for the 1986 crop year and the actual yield per harvested acre with respect to the 1987 and subsequent crop years shall be used in determining farm program payment yields. Notwithstanding any other provision of this paragraph, for purposes of establishing a farm program payment yield for any program crop for any farm for the 1991 and subsequent crop years, the farm program payment yield for the 1986 crop year may not be reduced more than 10 percent below the farm program payment yield for the farm for the 1985 crop year.

"(2) ADJUSTMENT OF YIELDS.—The county committee, in accordance with regulations prescribed by the Secretary, may adjust any farm program payment yield for any program crop for any farm if the farm program payment yield for the crop on the farm does not accurately reflect the productive potential of the farm.

"(d) ASSIGNMENT OF YIELDS.—In the case of any farm for which the actual yield per harvested acre for any program crop referred to in subsection (c)(1) for any crop year is not available, the county committee may assign the farm a yield for the crop for such crop year on the basis of actual yields for the crop for such crop year on similar farms in the area.

"SEC. 506. PLANTING AND PRODUCTION HISTORY OF FARMS.

"Effective for each of the 1991 and subsequent crop years, each county committee, in accordance with regulations prescribed by the Secretary, may require any producer who seeks to establish a flexible acreage base, crop acreage base, or farm program payment yield for a farm for a crop year to provide planting and production history of such farm for each of the 5 crop years immediately preceding such crop year.

"SEC. 507. ESTABLISHMENT OF BASES AND YIELDS BY COUNTY COMMITTEES.

"Each county committee may, in accordance with regulations prescribed by the Secretary, provide for the establishment of a flexible acreage base, crop acreage base, and farm program payment yield with respect to any farm administratively located within the county if such flexible acreage base, crop acreage base, or farm program payment yield cannot otherwise be established under this title. Such bases and farm program payment yields shall be established in a fair and equitable manner, but no such bases or farm program payment yields shall be established for a farm if the producer on such farm is subject to sanctions under any provision of Federal law for cultivating highly erodible land or converted wetland.

"SEC. 508. APPEALS.

"The Secretary shall establish an administrative appeal procedure which provides for an administrative review of determinations made with respect to flexible acreage bases, crop acreage bases, and farm program payment yields.".

TITLE XII—TRADE

Subtitle A—Public Law 480, Food for Progress

SEC. 1201. AMENDMENT OF AGRICULTURAL TRADE DEVELOPMENT AND ASSISTANCE ACT OF 1954.

Unless otherwise expressly provided, whenever in this subtitle an amendment is expressed in terms of an amendment to a section or other provision, the reference shall be considered to be made to a section or other provision of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1691, 1701 et seq.).

SEC. 1202. EXTENSION OF AUTHORITIES.

(a) PRIVATE ENTERPRISE PROMOTION.—Section 108(g) (7 U.S.C. 1708(g)) is amended by striking "1986 through 1990" and inserting "1991 through 1995".

(b) MINIMUM QUANTITY OF AGRICULTURAL COMMODITIES DISTRIBUTED UNDER TITLE II.—Section 201(b) (7 U.S.C. 1721(b)) is amended by striking "ending September 30, 1987, September 30, 1988, September 30, 1989, and September 30, 1990," and inserting "1991 through 1995".

(c) EXTENSION OF AUTHORITY TO ENTER INTO AGREEMENTS.—Section 409 (7 U.S.C. 1736c) is amended by—

(1) striking "1990" in the first sentence and inserting "1995"; and

(2) striking "and the Food Security Act of 1985" in the second sentence and inserting ", the Food Security Act of 1985, and the Food and Agricultural Resources Act of 1990".

SEC. 1203. AMENDMENT TO SECTION 3.

Section 3 (7 U.S.C. 1691a) is amended to read as follows:

"SEC. 3. OVERALL FOOD AID LEVEL.

"It is the sense of Congress that the President should increase the level of food aid provided by the United States and encourage other donor governments to increase the level of food aid they provide, to reflect the findings of the National Research Council of the National Academy of Sciences that it will be necessary to double the present food aid level of approximately 10 million metric tons per year in order to meet the projected world food aid needs during 1991 through 2000. It is further the sense of Congress that the President should encourage other developed countries to increase their contributions toward combatting hunger and malnutrition in developing countries by expanding international food and agricultural assistance programs.".

SEC. 1204. AMENDMENTS TO TITLE I.

(a) AMENDMENT OF SECTION 101.—Section 101 (7 U.S.C. 1701) is amended to read as follows:

"SEC. 101. AGREEMENTS FOR THE SALE OR DONATION OF AGRICULTURAL COMMODITIES.

"(a) AUTHORITY.—In order to carry out the policies and accomplish the objectives set forth in section 2, the President is authorized to negotiate and carry out agreements with friendly countries providing for the sale of agricultural commodities—

"(1) for dollars on credit terms; or

"(2) for foreign currencies for use under sections 104 or 108.

The President is also authorized to negotiate and carry out agreements with friendly least developed countries that meet the poverty criteria established by the International Bank for Reconstruction and Development for Civil Works Preference providing for the donation of agricultural commodities to such countries.

"(b) MINIMUM LEVEL FOR SALES FOR FOREIGN CURRENCIES.—For each of the fiscal years 1991 through 1995, sales for foreign currencies for use under section 108 under agreements entered into under this title should be made at an annual level of not less than 10 percent of the aggregate value of all sales of agricultural commodities under this title.

"(c) DEFINITION.—As used in this section, the term 'least developed country' means a country that meets the poverty criteria established by the International Bank for Reconstruction and Development for Civil Works Preference for providing financial assistance or that is a food deficit country and is characterized by high levels of malnutrition among significant numbers of its population.".

(b) TECHNICAL AND CONFORMING CHANGES TO SECTION 103.—Section 103 (7 U.S.C. 1703) is amended—

(1) in subsection (b) by striking "subsections (a), (b), (e) and (h) of section 104, in section 108, and in title III" and inserting "sections 104 and 108";

(2) in subsection (m)—

(A) by striking "as provided in section 108" and inserting "for foreign currency payments for use under section 108",

(B) by striking "(1)", and

(C) by striking ", and (2)" and all that follows through the end and inserting a semicolon;

(3) by amending subsection (p) to read as follows:

"(p) give priority to financing the sale of food and fiber commodities in the allocation of funds made available under this title; and"; and

(4) by striking subsection (q) and redesignating subsection (r) as subsection (q).

(c) REVISION OF SECTION 104.—Section 104 (7 U.S.C. 1704) is amended to read as follows:

"SEC. 104. USES OF FOREIGN CURRENCY.

"(a) IN GENERAL.—Notwithstanding any other provision of law, the President may use, or enter into agreements with foreign countries or international organizations to use, the foreign currencies, including principal and interest from loan repayments, that accrue in connection with agreements for credit sales or sales for foreign currencies as provided in section 103(b) as follows:

"(1) For payment of United States obligations (including obligations entered into pursuant to other legislation).

"(2) For carrying out programs of United States government agencies to—

"(A)(i) Help develop new markets for United States agricultural commodities on a mutually benefiting basis. From sale proceeds and loan repayments under this title not less than the equivalent of 5 percent of the total sales made each year under this title shall be set aside in the amount and kinds of foreign currencies specified by the Secretary of Agriculture and made available in advance for use as provided by this paragraph over such period of years as the Secretary of Agriculture determines will most effectively carry out the purpose of this paragraph. The Secretary of Agriculture may release such amounts of the foreign currencies so set aside as the Secretary determines cannot be effectively used for agricultural market development purposes under this section, except that no release shall be made until the expiration of 30 days following the date on which notice of such proposed release is transmitted by the President to the Committee on Agriculture and the Committee on Foreign Affairs of the House of Representatives, and to the Committee on Agriculture, Nutrition, and Forestry, and the Committee on Foreign Relations of the Senate, if transmitted while Congress is in session, or 60 days following the date of transmittal if transmitted while Congress is not in session.

"(ii) Provision shall be made in sale and loan agreements for the convertibility of such amount of the proceeds thereof (not less than 2 percent) as the Secretary of Agriculture determines to be needed to carry out the purpose of this paragraph in those countries that are, or offer reasonable potential of becoming, dollar markets for United States agricultural commodities. Such sums shall be converted into the types and kinds of foreign currencies as the Secretary deems necessary to carry out the provisions of this paragraph and such sums shall be deposited to a special Treasury account and shall not be made available or expended except for carrying out the provisions of this paragraph.

"(iii) In carrying out agricultural market development activities, nonprofit agricultural trade organizations shall be utilized to the maximum extent practicable.

"(iv) The purpose of this paragraph shall include such representation of agricultural industries as may be required during the course of discussions on trade programs relating either to individual commodities or groups of commodities.

"(B) Finance with up to 2 percent of the total sales proceeds received each year in each country collaborative agricultural research of mutual benefit to the United States and the recipient country, including under title XII of the Foreign Assistance Act of 1961, and activities to assist international educational and cultural exchange and to provide for the strengthening of the resources of American schools, colleges, universities, and other public and nonprofit private educational agencies for international studies and research under the programs authorized by title VI of the National Defense Education Act, the Mutual Educational and Cultural Exchange Act of 1961, and the International Education Act of 1966.

"(C) Collect, collate, translate, abstract and disseminate scientific and technological information and conduct research and support scientific activities overseas including programs and projects of scientific cooperation between the United States and other countries such as coordinated research against human diseases, and promote and support programs of medical and scientific research, cultural and educational development, family planning, health, nutrition, and sanitation.

"(D) Acquire by purchase, lease, rental, or otherwise, sites and buildings and grounds abroad, for United States Government use including offices, residence quarters, community and other facilities, and construct, repair, alter and furnish such buildings and facilities.

"(E) Finance under the direction of the Librarian of Congress and the Director of the National Agricultural Library, in consultation with the National Science Foundation and other interested agencies, (i) programs outside the United States for the analysis and evaluation of foreign books, periodicals, and other materials to determine whether they would provide information of technical or scientific significance in the United States and whether such books, periodicals, and other materials are of cultural or educational significance, and (ii) the acquisition of such books, periodicals, and other materials and the deposit thereof in libraries and research centers in the United States specializing in the areas to which they relate.

"(3) For use by such agencies as the President may designate for—

"(A) loans to United States business firms (including cooperatives) and branches, subsidiaries, or affiliates of such firms for business development, market research, and trade expansion in such countries, including promotion of private investment advice and technical support, and

"(B) loans to domestic or foreign firms (including cooperatives) for the establishment of facilities for aiding in the utilization, distribution, or otherwise increasing the consumption of, and markets for, United States agricultural products. No such loans shall be made for the manufacture of any product intended to be exported to the United States in competition with products produced in the United States and due consideration shall be given to the continued expansion of markets for United States agricultural commodities or the products thereof. Foreign currencies may be accepted in repayment of such loans.

"(4) To promote multilateral trade and agricultural and other economic development, under procedures, established by the President, by loans or by use in any other manner that the President may determine to be in the national interest of the United States; particularly to assist programs of recipient countries designed to promote, increase, or improve food production, processing, distribution, or marketing in food-deficit countries friendly to the United States, for which purpose the President may utilize to the extent practicable the services of nonprofit voluntary agencies registered with and approved by the Agency for International Development. No such funds may be utilized to promote religious activities.

"(5) For financing, at the request of such country, programs emphasizing maternal welfare, child health and nutrition, and activities, where participation is voluntary, related to the problems of population growth, under procedures established by the President through any agency of the United States, or through any local agency that the President determines is qualified to administer such activities. Not less than 5 percent of the total sales proceeds received each year shall, if requested by the foreign country, be used for voluntary programs to control population growth. None of the funds made available to carry out this paragraph may be used to pay for the performance of abortions as a method of family planning or to motivate or coerce any person to practice abortions.

"(6) For paying, to the maximum extent practicable, the costs of carrying out programs for the control of rodents, insects, weeds, and other animal or plant pests.

"(b) 1953 ACT.—Section 1415 of the Supplemental Appropriation Act, 1953, shall apply to currencies used for the purposes specified in subsection (a), and in the case of currencies to be used for the purposes specified in paragraph (2)(B) of subsection (a) the Appropriation Act may specifically authorize the use of such currencies and shall not require the appropriation of dollars for the purchase of such currencies.

"(c) LAYOVER REQUIREMENT.—No agreement or proposal to grant any foreign currencies under this section shall be entered into or carried out until the expiration of 30 days following the date on which such agreement or proposal is transmitted by the President to the Committee on Agriculture and the Committee on Foreign Af-

fairs of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry and the Committee on Foreign Relations of the Senate, if transmitted while Congress is in session, or 60 days following the date of transmittal if transmitted while Congress is not in session.

"(d) INTEREST ON LOANS.—Any loan made under the authority of this section shall bear interest at such rate as the President may determine but not less than the cost of funds to the United States Treasury, taking into consideration the current average market yields on outstanding marketable obligations of the United States having maturity comparable to the maturity of such loans, unless the President shall in specific instances designate a different rate.

"(e) EXCEPTION.—(1) EXCESS AMOUNTS.—Subsections (c) and (d) shall not apply in the case of any country where the foreign currencies or credits owned by the United States and available for use by it in such country are determined by the Secretary of the Treasury to be in excess of the normal requirements of the departments and agencies of the United States for expenditures in such country for the two fiscal years following the fiscal year in which such determination is made. The amount of any such excess shall be devoted to the extent practicable and without regard to subsection (b), to the acquisition of sites, buildings, and grounds under subsection (a)(2)(D) and to assist such country in undertaking self-help measures to increase its production of agricultural commodities and its facilities for storage and distribution of such commodities. Assistance under the foregoing provision shall be limited to self-help measures.

"(2) REPORT TO CONGRESS.—Upon the determination by the Secretary of the Treasury that such an excess exists with respect to any country, the President shall advise the Committee on Agriculture and the Committee on Foreign Affairs of the House of Representatives, and to the Committee on Agriculture, Nutrition, and Forestry, and the Committee on Foreign Relations of the Senate of such determination; and shall thereafter report to each such Committee as often as may be necessary to keep such Committee advised as to the extent of such excess, the purposes for which it is used or proposed to be used, and the effect of such use.

"(f) SPECIAL ACCOUNT; REIMBURSEMENT TO COMMODITY CREDIT CORPORATION.—Foreign currencies received pursuant to this Act shall be deposited in a special account to the credit of the United States and shall be used only pursuant to sections 104 and 108, and any department or agency of the Government using any of such currencies for a purpose for which funds have been appropriated shall reimburse the Commodity Credit Corporation in an amount equivalent to the dollar value of the currencies used. The President shall utilize foreign currencies received pursuant to this Act in such manner as will, to the maximum extent possible, reduce any deficit in the balance of payments of the United States.".

(c) DELETION.—Sections 105 (7 U.S.C. 1705), 110 (7 U.S.C. 1710), and 113 (7 U.S.C. 1713) are deleted.

(d) TECHNICAL AND CONFORMING CHANGES TO SECTION 106.—Section 106 (7 U.S.C. 1706) is amended—

(1) in subsection (a)(1)—

(A) by striking "section 122(b)" and inserting "chapter 1 of part 1",

(B) by inserting before the period at the end of the second sentence ", and other payment terms shall be no less favorable to the United States than those for development loans made under chapter 1 of part 1 of the Foreign Assistance Act of 1961", and

(C) by striking the third sentence;

(2) by amending subsection (a)(2) to read as follows:

"(2) The President may, on a case-by-case basis, taking into account the financial resources of a country and commitment to undertake policy reforms to promote economic growth, waive payment of such aggregate amounts of principal and interest payable under sales agreements for dollars on credit terms entered into under the authority of this title with respect to any relatively least developed country (as determined on the basis of criteria comparable to those used for the United Nations Development Program list of 'least developed countries') or any other country in Sub-Saharan Africa, if—

"(A) an International Monetary Fund standby agreement is in effect with respect to that country;

"(B) a structural adjustment program of the International Bank for Reconstruction and Development or of the International Development Association is in effect with respect to that country;

"(C) a structural adjustment facility or enhanced structural adjustment facility with the International Monetary Fund is in effect with respect to that country; or

"(D) even though such an agreement, program or facility is not in effect, the country is pursuing national economic policy reforms that would promote democratic, market oriented, and long term economic development.

The aggregate amount of principal and interest waived under this paragraph may not exceed the amount approved for such purposes in an Act appropriating funds to carry out this Act.";

(3) by amending subsection (b)(1) to read as follows:

"(1) Agreements under this title for the sale for dollars on credit terms or donation of agricultural commodities shall include requirements that an amount equal to the proceeds from the sale of the commodities in the recipient country are used for such economic development purposes as are agreed upon in the grant or sales agreement or any amendment thereto. In negotiating such agreements with recipient countries, the United States shall emphasize the use of such proceeds for purposes that directly improve the lives of the poorest of their people and their capacity to participate in the development of their countries and to carry out programs in accordance with sections 109 and 406(a)(1).";

(4) by striking subsections (b)(2) and (3) and redesignating paragraph (4) as paragraph (2); and

(5) by amending the last sentence of subsection (b)(2)(B) (as so redesignated) to read "Such proceeds shall not be used to finance the production for export of agricultural commodities or the products thereof that will compete, as determined by the President, in world markets with similar agricultural commodities or the products thereof produced in the United States, where such competition will cause substantial injury to United States producers.".

(e) AMENDMENTS TO SECTION 108.—Section 108 (7 U.S.C. 1708) is amended—

(1) in subsection (a)(1) by adding at the end "Agreements for sales for foreign currency in a developing country for use under this section may not be entered into to the extent that such agreements would generate currency in amounts that cannot be productively used and absorbed in the private sector of such country.";

(2) in subsection (c)—

(A) in paragraph (1) by striking "A financial" and inserting "Except where it would be inconsistent with the objectives of this section, a financial",

(B) in paragraph (2) by striking subparagraph (A) and the subparagraph designation for subparagraph (B), and

(C) in paragraph (3)(B)—

(i) by inserting after "not be" the word "substantially", and

(ii) by striking ", in whole or in part,";

(D) in paragraph (4)(B)—

(i) by striking "101(a)(3)" and inserting "101(a)(2)", and

(ii) by striking "defray the startup costs of becoming a" and inserting "such";

(E) by amending paragraph (5) to read as follows:

"(5) No currency made available under this section may be used to finance the production for export of agricultural commodities or the products thereof that will compete, as determined by the President, in world markets with similar agricultural commodities or the products thereof produced in the United States, where such competition will cause substantial injury to United States producers."; and

(F) by adding at the end a new paragraph to read as follows:

"(8) When entering into a loan agreement under this section, the President may agree to reduce the repayment obligation of a financial intermediary in an amount not to exceed 80 percent of the principal losses suffered by the financial intermediary in connection with loans made by it with funds borrowed under this section and used in accordance with the requirements of this section and the loan agreement.";

(3) in subsection (d)(2), by amending subparagraph (D) to read as follows:

"(D) be used in furtherance of the policies of this section to promote joint or cooperative ventures between private firms or individuals in the developing countries and United States firms, individuals, and organizations, including without limitation cooperatives, private voluntary organizations, and land grant colleges and universities.";

(4) in subsection (f)—

(A) by inserting after "technical assistance" the words ", or technical assistance to financial intermediaries,", and

(B) by striking the last sentence; and

(5) by striking subsection (g) and redesignating subsections (h) and (i) as subsections (g) and (h), respectively.

(f) AMENDMENT TO SECTION 109.—Section 109 (7 U.S.C. 1709) is amended—

(1) by amending the section designation and subsection (a) to read as follows:

"SEC. 109. SELF-HELP MEASURES.

"(a) To be eligible to enter into agreements for the grant or sale of United States agricultural commodities under this title, the proposed recipient country must undertake self-help measures for economic development purposes in order to improve food security and agricultural development, alleviate poverty, and promote broad-based economically and environmentally sustainable growth through such activities as the following:

"(1) fostering increased agricultural production (with emphasis on small farms), processing, forestry management, land and water management;

"(2) fostering the availability of agricultural inputs necessary for agricultural growth;

"(3) improving marketing, storage, transportation and distribution systems;

"(4) promoting and developing credit policies for private-sector agricultural development;

"(5) promoting increased access to food supplies through the encouragement of policies and programs designed to increase employment and incomes within the country;

"(6) promoting free and open markets;

"(7) establishing and maintaining government policies to ensure adequate incentives to producers;

"(8) establishing and expanding institutions for basic and applied agricultural research and use of such research through development of extension services;

"(9) carrying out voluntary family planning, including increased access to voluntary family planning services;

"(10) carrying out programs promoting improved health and self-sustaining primary health care systems;

"(11) supporting programs to improve the health of the poor, focusing on the special health needs of children and mothers; and

"(12) preservation of biological diversity.

In negotiating the terms of an agreement under this title, the President shall take into consideration the overall development strategy of the recipient country and any other United States development activities in that country.";

(2) by redesignating subsections (c) and (d) as subsections (b) and (c) respectively;

(3) in subsection (c) (as so redesignated)—

(A) in paragraph (1)—

(i) by striking "maximum", and

(ii) by striking "be the major beneficiaries of" and inserting "benefit from";

(B) by striking paragraph (2) and redesignating paragraph (3) as paragraph (2); and

(C) by adding a new paragraph (3) to read as follows:

"(3) An agreement with the recipient country under this title shall, to the extent practicable, be entered into not later than November 30 of the first fiscal year in which such commodities are to be shipped under the agreement.".

(g) TECHNICAL AND CONFORMING CHANGES TO SECTION 112.—Section 112 (7 U.S.C. 1712) is amended—

(1) in subsection (b) by striking "International Relations" and inserting "Foreign Affairs"; and

(2) by striking subsection (d).

(h) REPORT BY COMMODITY OR OCEAN TRANSPORTATION SUPPLIER.—Section 115(b) (7 U.S.C. 1715) is amended—

(1) by striking "International Relations" and inserting "Foreign Affairs", and

(2) in the last sentence by inserting after "for a period of" the words "not more than".

SEC. 1205. AMENDMENTS TO TITLE II.

(a) AMENDMENT TO SECTION 201.—Section 201 (7 U.S.C. 1721) is amended—

(1) in subsection (a)—

(A) by striking "The President" and inserting "Notwithstanding the provisions of any other Act, the President", and

(B) by inserting after "furnish agricultural commodities" the words "under this title"; and

(2) in subsection (c)(2) by striking "fortified or processed" both places it occurs and inserting "fortified, processed, or bagged" in both such places.

(b) NONPROFIT VOLUNTARY AGENCIES ADMINISTRATIVE COSTS.—Section 207(c) (7 U.S.C. 1726a(c)) is amended by adding a new subsection to read as follows:

"(d)(1) Not less than $10,000,000 and not more than $13,500,000 of the amounts made available in each fiscal year to nonprofit voluntary organizations and cooperatives under this title shall be made available by the President to such organizations and cooperatives to assist in—

"(A) establishing new programs under this title; and

"(B) meeting specific administrative, management, personnel and internal transportation and distribution costs for carrying out programs in foreign countries under this title.

"(2) In order to receive funds made available under paragraph (1), a nonprofit voluntary organization or cooperative must submit a request, to be approved by the President, for such funds when submitting a proposal to the President for an agreement under this title.

"(3) Such request for funds shall include a specific explanation of—

"(A) the program costs to be offset by such funds;

"(B) the reason why such funds are needed in carrying out the particular assistance program; and

"(C) the degree to which such funds will improve the provision of food assistance to countries of the world (particularly those in sub-Saharan Africa suffering from acute, long-term food shortages).".

(c) FOOD AID ADVISORY GROUP.—Title II is amended by adding at the end the following new section:

"SEC. 209. FOOD AID ADVISORY GROUP.

"The President shall establish a Food Aid Advisory Group composed of the Administrator of the Agency for International Development and the Secretary of Agriculture, or their designees, and representatives of nonprofit voluntary agencies and cooperatives to provide advice on the implementation of programs under this title.".

SEC. 1206. REPEAL OF TITLE III.

Title III is hereby repealed.

SEC. 1207. AMENDMENTS TO TITLE IV.

(a) AMENDMENT TO SECTION 401.—Section 401 (7 U.S.C. 1731) is amended—

(1) in subsection (a)—

(A) by inserting after "Secretary of Agriculture shall" the following: ", prior to the beginning of each fiscal year,", and

(B) by striking ", and the commodities and quantities thereof which may be included in the negotiations with each country" and inserting ". The Secretary of Agriculture may, during the fiscal year, modify such determination to include additional quantities or commodities available for such disposition";

(2) by designating subsection (b) as subsection (b)(1) and adding the following new paragraph:

"(2) In making agricultural commodities available under title I, the President shall consider—

"(A) the time of harvest of any competing commodities in the recipient country; and

"(B) such other concerns determined to be appropriate by the President."; and

(3) adding a new subsection to read as follows:

"(c) In implementing this Act, the Secretary of Agriculture shall, to the extent practicable, seek to maintain a stable level of available agricultural commodities under this Act of the kind and type needed to provide food assistance to developing countries and seek to make such commodities available to the degree necessary to fulfill multiyear agreements entered into under this Act.".

(b) INGREDIENTS OF TITLE II COMMODITIES.—Section 402 (7 U.S.C. 1732) is amended by inserting after "or product thereof" the following: "(including all ingredients contained therein, if available, and provided under title II)".

(c) FARMER-TO-FARMER PROGRAM.—Section 406 (7 U.S.C. 1736) is amended to read as follows:

"SEC. 406. FARMER-TO-FARMER PROGRAM.

"(a) IN GENERAL.—To further assist developing countries, middle-income countries, and emerging democracies to increase farm production and farmer incomes, the President may, notwithstanding any other provision of law—

"(1) establish and administer a program of farmer-to-farmer assistance between the United States and such countries to assist in increasing food production and distribution and improving the effectiveness of the farming and marketing operations of such farmers;

"(2) utilize United States farmers, agriculturalists, land grant universities, private agribusinesses, and non-profit farm organizations to work in conjunction with farmers and farm organizations in such countries, on a voluntary basis, to facilitate the improvement of farm and agribusiness operations and agricultural systems in such countries, including animal care and health, field crop cultivation, fruit and vegetable growing, livestock operations, food processing and packaging, farm credit, marketing, inputs, agricultural extension, and the strengthening of cooperatives and other farmer groups;

"(3) transfer the knowledge and expertise of United States agricultural producers and businesses, on a person-to-person basis, to such countries while enhancing the democratic process by supporting private and public agriculturally-related organizations who request and support technical assistance activities through cash and in-kind services;

"(4) enter into contracts, cooperative agreements, or make grants to private voluntary organizations, cooperatives, land grant universities, private agribusiness or non-profit farm organizations, to the extent practicable, to carry out this section;

"(5) coordinate programs established under this section with other foreign assistance activities carried out by the United States; and

"(6) to the extent practicable, augment the funds available for programs established under this section through the use of foreign currencies that accrue from the sale of agricultural commodities under this Act, and local currencies generated from other types of foreign assistance activities.

"(b) DEFINITIONS.—As used in this section—

"(1) EMERGING DEMOCRACIES.—The term 'emerging democracy' means a country that has recently begun the transformation of its system of government from a non-representative type of government to a representative democracy and that is encouraging democratic institution building and the cultural values, institutions, and organizations of democratic pluralism.

"(2) MIDDLE INCOME COUNTRY.—The term 'middle income country' means a country that has developed economically to the point where it does not qualify for bilateral foreign assistance from the United States because its per capita income level exceeds the eligibility requirements of such assistance programs.

"(c) MINIMUM FUNDING.—Notwithstanding any other provision of law, not less than 0.2 percent of the amounts made available for each of the fiscal years 1991 through 1995 to carry out this Act, in addition to any funds that may be specifically appropriated to carry out this section, shall be used to carry out programs under this section, with not less than 0.1 percent to be used for programs in developing countries.".

(d) AMENDMENT OF SECTION 407.—Section 407 (7 U.S.C. 1736a) is amended to read as follows:

"SEC. 407. ADMINISTRATIVE PROVISIONS.

"(a) AVOIDANCE OF CONFLICTS OF INTEREST.—No person may act as an agent, broker, consultant, or other representative of—

"(1) the Federal Government,

"(2) an importer, or

"(3) an importing country

in connection with commodities provided under this Act during a fiscal year in which such person acts as an agent, broker, consultant, or other representative of a person engaged in providing ocean transportation or transportation-related services for such commodities. For the purposes of this subsection, the term 'transportation-related services' means lightening, stevedoring, bagging, or inland transportation to the destination point.

"(b) FULL AND OPEN COMPETITION.—No purchase of agricultural commodities from private stock or purchase of ocean transportation services by the Federal Government shall be financed under this Act unless such purchases are made on the basis of full and open competition utilizing such procedures as are determined necessary and appropriate by the President.

"(c) LIMITATION ON COMMISSIONS.—No commission, fees, or other payments to an agent, broker, consultant or other representative of the importer or importing country for ocean transportation brokerage services in connection with the transporta-

tion of commodities provided under this Act may be paid in excess of an amount determined appropriate by the President.".

(e) REPORTING REQUIREMENTS.—Section 408 (7 U.S.C. 1736b) is amended by—

(1) amending subsection (a) to read as follows:

"(a) The President shall submit a statement to Congress not later than June 1 of each fiscal year specifying the agreements signed under this Act for that fiscal year. Such statement shall also specify for each country with which there is an agreement under this Act for that fiscal year, the amount that country requested and is receiving under the Food for Progress Act of 1985, section 416 of the Agricultural Act of 1949, title I of this Act, and title II of this Act. With respect to title II, the statement shall indicate for each country—

"(1) the quantity provided through the World Food Program, nonprofit voluntary agencies or cooperatives (identified by name), or government-to-government agreements;

"(2) the type and quantity of each commodity provided; and

"(3) the quantity provided for each program category.";

(2) redesignating subsection (e) as subsection (g); and

(3) inserting after subsection (d) the following:

"(e) The President shall, no later than the end of the fiscal year, submit a statement to Congress on the number of requests submitted and the number of requests approved under section 207 for that fiscal year for the generation of foreign currency proceeds, the amount of foreign currency proceeds generated, and a summary of the uses of such proceeds.

"(f) On World Food Day, October 16 of each year, the President shall submit to the Committee on Agriculture and the Committee on Foreign Affairs of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate, a report, prepared with the assistance of the Secretary of Agriculture and the Administrator of the Agency for International Development, assessing progress towards food security in each country receiving United States government food assistance.".

(f) MULTIYEAR AVAILABILITY.—Section 413 (7 U.S.C. 1736g) is amended to read as follows:

"SEC. 413. MULTIYEAR AGREEMENTS.

"Commodities provided under this Act shall be made available on a multiyear basis, subject to the requirements of section 401 and the availability of appropriations, unless—

"(1) the past performance of the country in meeting program objectives does not warrant a multiyear agreement;

"(2) it is anticipated that the need of the country for food aid does not extend beyond one year; or

"(3) other circumstances, as determined by the President, indicate there is only a need for a one-year agreement.".

SEC. 1208. PROGRAM REGULATIONS.

(a) IN GENERAL.—The President shall provide for the issuance of regulations to revise the existing regulations to implement the Agricultural Trade Development and Assistance Act of 1954, including all provisions necessary or appropriate to implement the amendments made by this subtitle.

(b) DEADLINES.—The regulations specified in subsection (a) shall be issued in proposed form no later than 6 months after the date of enactment of this Act and in final form no later than 1 year after the date of enactment of this Act.

(c) REQUIREMENTS.—The regulations issued under this section to implement title II of the Agricultural Trade Development and Assistance Act of 1954 shall, in addition to such other provisions as the President determines appropriate—

(1) simplify procedures for participation in the programs established under that title;

(2) reduce paperwork requirements under such programs;

(3) establish reasonable and realistic accountability standards to be applied to nonprofit voluntary organizations and cooperatives participating in the programs established under that title, taking into consideration the problems associated with carrying out programs in developing countries; and

(4) provide flexibility for carrying out programs under that title.

SEC. 1209. FOOD FOR PROGRESS.

Section 1110 of the Food Security Act of 1985 (7 U.S.C. 1736o) is amended by—

(1) in subsection (g) striking "1990" and inserting "1995";

(2) in subsection (h)—

(A) by inserting "(1)" immediately after the subsection designation, and

(B) by adding the following new paragraphs:

"(2) No person may act as an agent, broker, consultant, or other representative of—

"(A) the Federal Government,

"(B) an importer, or

"(C) an importing country

in connection with commodities provided under this section during a fiscal year in which such person acts as an agent, broker, consultant, or other representative of a person engaged in providing ocean transportation or transportation-related services for such commodities. For the purposes of this paragraph, the term 'transportation-related services' means lightening, stevedoring, bagging, or inland transportation to the destination point.

"(3) No purchase of agricultural commodities from private stock or purchase of ocean transportation services by the Federal Government shall be financed under this section unless such purchases are made on the basis of full and open competition utilizing such procedures as are determined necessary and appropriate by the President.

"(4) No commission, fees, or other payments to an agent, broker, consultant or other representative of the importer or importing country for ocean transportation brokerage services in connection with the transportation of commodities provided under this section may be paid in excess of an amount determined appropriate by the President."; and

(3) in subsection (l) striking "1990" and inserting "1995".

SEC. 1210. AMENDMENT TO SECTION 416.

Section 416(b) of the Agricultural Act of 1949 is amended by adding the following new paragraph:

"(12)(A) No person may act as an agent, broker, consultant, or other representative of—

"(i) the Federal Government,

"(ii) an importer, or

"(iii) an importing country

in connection with commodities provided under this subsection during a fiscal year in which such person acts as an agent, broker, consultant, or other representative of a person engaged in providing ocean transportation or transportation-related services for such commodities. For the purposes of this subparagraph the term 'transportation-related services' means lightening, stevedoring, bagging, or inland transportation to the destination point.

"(B) No purchase of agricultural commodities from private stock or purchase of ocean transportation services by the Federal Government shall be financed under this subsection unless such purchases are made on the basis of full and open competition utilizing such procedures as are determined necessary and appropriate by the President.

"(C) No commission, fees, or other payments to an agent, broker, consultant or other representative of the importer or importing country for ocean transportation brokerage services in connection with the transportation of commodities provided under this subsection may be paid in excess of an amount determined appropriate by the President.".

Subtitle B—Export Promotion

SEC. 1211. AMENDMENT TO THE AGRICULTURAL TRADE ACT OF 1978.

Titles I through IV of the Agricultural Trade Act of 1978 (7 U.S.C. 1761 et seq.) are amended to read as follows:

"TITLE I—GENERAL PROVISIONS

"SEC. 101. DEFINITIONS.

"As used in this Act—

"(1) AGRICULTURAL COMMODITY.—The term 'agricultural commodity' means any agricultural commodity, food, feed, or fiber and any product thereof.

"(2) DEVELOPING COUNTRIES.—The term 'developing country' means a country that—

"(A) has a shortage of foreign exchange earnings and has difficulty accessing sufficient commercial credit to meet all of its food needs, as determined by the Secretary; and

"(B) has the potential to become a commercial market for agricultural commodities.

"(3) SECRETARY.—The term 'Secretary' means the Secretary of Agriculture.

"(4) UNFAIR TRADE PRACTICE.—The term 'unfair trade practice' means any act, policy or practice of a foreign country that—

"(A) violates, or is inconsistent with, the provisions of, or otherwise denies benefits to the United States under, any trade agreement; or

"(B) is unjustifiable, unreasonable, or discriminatory and burdens or restricts United States commerce.

"(5) UNITED STATES.—The term 'United States' includes each of the States, the District of Columbia, Puerto Rico, and the territories and possessions of the United States.

"(6) UNITED STATES AGRICULTURAL COMMODITY.—The term 'United States agricultural commodity' means—

"(A) with respect to any agricultural commodity other than a product of an agricultural commodity, an agricultural commodity entirely produced in the United States; and

"(B) with respect to a product of an agricultural commodity—

"(i) that all the agricultural components are entirely produced in the United States; or

"(ii) any other product the Secretary may designate that contains any agricultural component that is not entirely produced in the United States if such component—

"(I) is an added, de minimis component,

"(II) is not commercially produced in the United States, and

"(III) there is no acceptable substitute that is entirely produced in the United States.

For purposes of this paragraph, fish entirely produced in the United States include fish harvested by a documented fishing vessel as defined in title 46, United States Code in waters that are not waters (including the territorial sea) of a foreign country.

"SEC. 102. CERTIFICATION OF COMPLIANCE.

"The Secretary shall obtain certification with respect to commodities provided, or for which financing or credit guarantees are provided, under any commercial export promotion program of the Department of Agriculture or Commodity Credit Corporation—

"(1) from countries, or importers in countries, that were the intended destination of agricultural commodities under such program that such commodities were received in that country; and

"(2) from the seller or exporter of record of such commodities that there were no corrupt bonuses, extra sales services, or other items than those so provided, financed or guaranteed in connection with the transaction, and that the transaction complied with applicable United States law.

"SEC. 103. DEPARTMENTAL ADMINISTRATION SYSTEM.

"(a) IN GENERAL.—With respect to each commercial export promotion program of the Department of Agriculture or the Commodity Credit Corporation, the Secretary shall—

"(1) specify by regulation the criteria used to evaluate and approve proposals for that program;

"(2) monitor the progress of each proposal, specifying in a central system—

"(A) the origin of the proposal;

"(B) arguments supporting the proposal;

"(C) arguments against the proposal;

"(D) recommended action at the various stages of consideration; and

"(E) the disposition of the proposal;

"(3) provide for regular audits of program transactions to determine compliance with program objectives and requirements; and

"(4) in the event any audit discloses noncompliance with program objectives or requirements, determine promptly whether in light of such noncompliance to suspend or debar the noncomplying party from further participation in one or more of the programs under this title, affording the alleged noncomplying party opportunity for an agency hearing.

"(b) ACCESSIBILITY OF INFORMATION.—Information pertaining to a particular proposal shall be retrievable within the central system by country, commodity, proposal, and other appropriate categories, including participating financing institutions.

"(c) INDEPENDENT STUDY OF WAYS TO IMPROVE IMPLEMENTATION OF SYSTEM AND IMPROVE MANAGEMENT.—The Secretary shall contract with an appropriate management consulting firm to obtain from that firm detailed recommendations on how to improve the implementation of this section and, generally, the management information systems of the Department of Agriculture and Commodity Credit Corporation with respect to such agencies' commercial export promotion programs.

"SEC. 104. POLICY.

"The Congress finds that the agricultural export policy of the United States should provide for increased emphasis on sales abroad of United States processed, value-added agricultural products due to the multiple benefits from such sales to United States producers, processors, exporters and the national workforce.

"SEC. 105. DEVELOPMENT OF AGRICULTURAL TRADE POLICY.

"(a) MARKETING GOALS.—The Secretary shall develop general United States agricultural export marketing goals, including increasing exports of United States processed, value-added agricultural products, and ensure that the commercial export promotion programs of the Department of Agriculture and Commodity Credit Corporation have a coordinated strategy to achieve those goals.

"(b) REPORT.—The Secretary, not later than November 15 of each of the fiscal years 1992 through 1995, shall report to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate regarding—

"(1) the actions the Secretary has taken the previous year to increase exports of United States processed, value added agricultural products and the problems encountered in achieving such goal;

"(2) the Secretary's plans for the coming year to increase exports of United States processed, value-added agricultural products; and

"(3) the Secretary's recommendations, if any, for further legislation needed to obtain the optimum national objectives with respect to the policy stated in section 104.

"SEC. 106. RELIEF FROM UNFAIR TRADE PRACTICES.

"(a) USE OF PROGRAMS.—(1) IN GENERAL.—The Secretary may, for each article described in paragraph (2), make available some or all of the commercial export promotion programs of the Department of Agriculture and the Commodity Credit Corporation to help mitigate or offset the unfair trade practice serving as the basis for the proceeding described in paragraph (2).

"(2) COMMODITIES SPECIFIED.—Paragraph (1) shall apply in the case of articles for which the United States has—

"(A) instituted any dispute settlement proceeding under any international trade agreement, and

"(B) such proceeding has been prevented from progressing to a decision by the refusal of the party maintaining the unfair trade practice to permit the proceeding to progress.

"(b) CONSULTATIONS REQUIRED.—For any article described in subsection (a)(2) the Secretary shall—

"(1) promptly consult with representatives of the industry producing such articles and other allied groups or individuals regarding specific actions or the development of an integrated marketing strategy utilizing some or all of the commercial export promotion programs of the Department of Agriculture and the Commodity Credit Corporation to help mitigate or offset the unfair trade practice identified in subsection (a)(2); and

"(2) ascertain and take into account the industry preference for the practical use of available commercial export promotion programs in implementing subsection (a)(1).

"SEC. 107. PRESERVATION OF TRADITIONAL MARKETS.

"The Secretary shall, in implementing programs of the Department of Agriculture intended to encourage or assist exports of agricultural commodities, seek to preserve traditional markets for agricultural commodities.

"SEC. 108. INDEPENDENCE OF AUTHORITIES.

"Each authority granted under this Act shall be in addition to, and not in lieu of, any authority granted to the Secretary or the Commodity Credit Corporation under any other provision of law.

"SEC. 109. PROGRAM EXPENDITURES.

"Expenditures for programs under this Act shall be considered to be expenditures for export promotion and not expenditures for any price support program.

"TITLE II—SPECIFIC EXPORT PROMOTION PROGRAMS

"SEC. 201. EXPORT ENHANCEMENT PROGRAM.

"(a) IN GENERAL.—The Commodity Credit Corporation shall carry out in accordance with this section a program to discourage unfair trade practices by making United States agricultural commodities competitive.

"(b) EXPORT BONUS.—(1) IN GENERAL.—In carrying out the program established under this section, the Commodity Credit Corporation may—

"(A) make agricultural commodities, acquired by the Commodity Credit Corporation, available to exporters, users, processors, or foreign purchasers at no cost either directly or through the issuance of commodity certificates; and

"(B) make cash payments to exporters, users, and processors.

"(2) CALCULATION OF BONUS LEVELS.—The Commodity Credit Corporation shall—

"(A) maintain an established procedure for evaluating program bonus requests, with guidelines for determining prevailing market prices for targeted commodities and destinations to be used in the calculation of acceptable bonus levels;

"(B) use a clear set of established procedures for measuring transportation and incidental costs to be used in the calculation of acceptable bonus levels and for determining the amount of such costs actually incurred;

"(C) in the case of livestock and livestock products, develop a methodology to determine the world price and gather and analyze appropriate price and cost of production information in foreign countries for the purpose of price discovery and to aid sales in foreign markets, and publish such information periodically; and

"(D) maintain consistent and effective controls and procedures for auditing and reviewing payment of bonuses and for securing refunds where appropriate.

"(3) DISCLOSURE OF INFORMATION.—The Secretary may, notwithstanding the provisions of 5 U.S.C. 552, provide for withholding from the public the procedures and guidelines established under paragraphs (2)(A) and (B) if the Secretary determines that release of such information would adversely affect the operation of the program. Nothing in this paragraph shall be construed to authorize the withholding of information, including such procedures and guidelines, from Congress.

"(4) DIVERSION OF CARGO.—(A) IN GENERAL.—The Secretary shall ensure that commodities exported under the program established under this section arrive at the specified destination country. The Secretary may provide for an exception if such arrival does not occur due to force majeure.

"(B) ENFORCEMENT.—The Secretary shall provide that in the case commodities exported under the program established under this section fail to arrive at the specified destination country, except as provided under subparagraph (A)—

"(i) any person receiving, or who otherwise would receive, a bonus under this section in connection with such commodities shall be liable for the amount of such bonus and shall be ineligible for participation in the program established under this section for a period of up to 5 years, unless such failure was beyond the control of such person and without negligence or acquiescence on the part of such person; and

"(ii) if such failure is attributable in whole or in part to the specified destination country, no bonus is made available for exports to such country for a period of 1 year or more.

"(C) SCHEME OR DEVICE.—Any person who engages in any scheme or device to circumvent the provisions of this paragraph shall be ineligible to participate in the program established under this section for a period of up to 5 years. The Secretary shall provide that no bonus is made available under the program established under this section for exports to any country that engages in any scheme or device to circumvent the provisions of this paragraph for a period of at least one year.

"(D) OTHER REMEDIES UNAFFECTED.—The remedies provided under this paragraph are in addition to any remedy available under any other provision of law.

"(5) COMPETITIVE DISADVANTAGE.—The Secretary shall take such action as is necessary to ensure that equal treatment is provided to domestic and foreign purchasers and users of agricultural commodities in any case in which the importation of a

manufactured product made, in whole or in part, from a commodity made available for export under this section would place domestic users of the commodity at a competitive disadvantage.

"(6) DIFFERENT COMMODITIES.—The Commodity Credit Corporation may provide to a United States exporter, user, or processor, or foreign purchaser, under the program established under this section, agricultural commodities of a kind different than the agricultural commodity involved in the transaction for which assistance under this section is being provided.

"(7) OTHER EXPORT PROGRAMS.—The Commodity Credit Corporation may provide bonuses under this section in conjunction with other export promotion programs conducted by the Secretary or the Commodity Credit Corporation.

"(c) PRIORITY IN THE CASE OF DAIRY CATTLE.—In the case of proposals for bonuses for dairy cattle or other appropriate livestock, the Commodity Credit Corporation shall give priority to proposals that include in connection with the purchase of the livestock appropriate herd management training, veterinary services, nutritional training and other technical assistance necessary for the adaption of the livestock to foreign environments.

"(d) INAPPLICABILITY OF PRICE RESTRICTIONS.—Any price restrictions that otherwise may be applicable to dispositions of agricultural commodities owned by the Commodity Credit Corporation shall not apply to agricultural commodities provided under this section.

"(e) RECORDS.—(1) IN GENERAL.—In the administration of the program established under this section, the Secretary shall require exporters, users, or processors who receive bonuses under the program to maintain all records concerning a program transaction for a period of 5 years from the completion of the program transaction and permit the Secretary to have full and complete access to the records of the exporter, user, or processor relating to the program transaction for the 5-year period following the completion of the program transaction.

"(2) NONPROGRAM TRANSACTIONS.—The Secretary may require exporters, users, or processors participating in the program to make available for 5 years after completion of the program transaction all books and other records concerning transactions other than program transactions for purposes of program oversight and administration.

"(f) FUNDING LEVELS.—(1) IN GENERAL.—The Commodity Credit Corporation shall make available for each of the fiscal years 1991 through 1995 not less than $500,000,000 of the funds or commodities of the Commodity Credit Corporation to carry out the program established under this section.

"(2) LIMITATION.—Not more than 10 percent of the funds and commodities made available for a fiscal year to carry out the program established under this section may be made available to promote the export of agricultural commodities described in section 101(6)(B)(ii).

"SEC. 202. MARKET PROMOTION PROGRAM.

"(a) IN GENERAL.—The Commodity Credit Corporation shall establish and carry out a program to encourage the development, maintenance, and expansion of commercial export markets for agricultural commodities through cost-share assistance to eligible trade organizations that implement a foreign market development program.

"(b) TYPE OF ASSISTANCE.—Assistance under this section shall be provided in the form of funds of, or commodities owned by, the Commodity Credit Corporation, as determined appropriate by the Secretary.

"(c) REQUIREMENTS FOR PARTICIPATION.—(1) IN GENERAL.—To be eligible for assistance under this section, an organization shall—

"(A) be an eligible trade organization;

"(B) prepare and submit a marketing plan to the Secretary that meets the guidelines governing such plans established by the Secretary; and

"(C) meet any other requirements established by the Secretary.

"(2) PRIORITY BASIS FOR EXPORT ASSISTANCE.—The Secretary shall provide assistance under this section on a priority basis in the case of an unfair trade practice.

"(d) ELIGIBLE TRADE ORGANIZATIONS.—An eligible trade organization shall be—

"(1) an organization that promotes the export and sale of agricultural commodities and that does not stand to profit directly from specific sales of agricultural commodities;

"(2) a cooperative organization or State agency that promotes the sale of agricultural commodities; or

"(3) a private organization that promotes the export and sale of agricultural commodities if the Secretary determines that such organizations would significantly contribute to United States export market development.

"(e) APPROVED MARKETING PLAN.—(1) IN GENERAL.—A marketing plan submitted by an eligible trade organization under this section shall describe the advertising and other export promotion activities to be carried out by the eligible trade organization with respect to which assistance under this section is being requested.

"(2) REQUIREMENTS.—To be approved by the Secretary, a marketing plan submitted under this subsection shall—

"(A) specifically describe the manner in which assistance received by the eligible trade organization in conjunction with funds and services provided by the eligible trade organization will be expended in implementing the marketing plan;

"(B) establish specific market goals to be achieved as a result of the marketing promotion program; and

"(C) contain whatever additional requirements are determined by the Secretary to be necessary.

"(3) AMENDMENTS.—A marketing plan may be amended by the eligible trade organization at any time, with the approval of the Secretary.

"(4) BRANDED PROMOTION.—An agreement entered into under this section may provide for the use of branded advertising to promote the sale of agricultural commodities in a foreign country under such terms and conditions as may be established by the Secretary.

"(f) OTHER TERMS AND CONDITIONS.—(1) MULTIYEAR BASIS.—The Secretary may provide assistance under this section on a multiyear basis, subject to annual review for compliance with the approved marketing plan by the Secretary.

"(2) TERMINATION OF ASSISTANCE.—The Secretary may terminate any assistance made, or to be made, available under this section if the Secretary determines that—

"(A) the eligible trade organization is not adhering to the terms and conditions of the program established under this section;

"(B) the eligible trade organization is not implementing the approved marketing plan or is not adequately meeting the established goals of the marketing promotion program;

"(C) the eligible trade organization is not adequately contributing its own resources to the marketing promotion program;

"(D) the unfair trade practice that was the basis of the provision of assistance has been stopped and marketing assistance is no longer required to offset its effect; or

"(E) the Secretary determines that termination of assistance in a particular instance is in the best interest of the program.

"(3) EVALUATIONS.—The Secretary shall monitor the expenditure of funds received under this section by recipients of such funds. The Secretary shall make evaluations of such expenditure, including—

"(A) an evaluation of the effectiveness of the program in developing or maintaining markets for United States agricultural commodities;

"(B) an evaluation of whether assistance provided under this section is necessary to maintain such markets; and

"(C) a thorough accounting of the expenditure of such funds by the recipient.

The Secretary shall make an initial evaluation not later than 15 months after the initial provision of funds to the recipient.

"(4) AVAILABILITY OF RECORDS.—(A) IN GENERAL.—An eligible trade organization that received assistance under this section shall maintain all records concerning the use of assistance under this program for a period of 5 years after completion of the program transaction and shall permit the Secretary to have full and complete access to the financial records of the organization relating to the use of assistance under this program while such organization is a participant in the program and for a period of 5 years thereafter.

"(B) NON-PROGRAM TRANSACTIONS.—The Secretary may require eligible trade organizations participating in the program to make available for 5 years after completion of the program transaction all books and other records concerning transactions other than program transactions for purposes of program oversight and administration.

"(5) LEVEL OF MARKETING ASSISTANCE.—(A) IN GENERAL.—The Secretary shall justify in writing the level of assistance provided to an eligible trade organization under the program and the level of cost-sharing required of such organization.

"(B) LIMITATION.—Assistance provided under this section to private organizations for activities described in subsection (e)(4) shall not exceed 50 percent of the cost of

implementing the marketing plan. Criteria for determining that cost shall be consistent and such cost shall be documented.

"(g) PROGRAM LEVEL.—The Commodity Credit Corporation shall make available assistance under this section at a level not less than $200,000,000 for each of the fiscal years 1991 through 1995.

"(h) REGIONAL TRADE CENTER SET-ASIDE.—(1) IN GENERAL.—The Secretary shall establish as an objective reserving an amount of assistance provided under this section for the benefit of applicants whose applications have been forwarded to the Secretary by the 4 regional non-profit export trade associations established by a number of States in cooperation with the Foreign Agricultural Service, Department of Agriculture, and for the benefit of the National Association of State Departments of Agriculture for purposes such as the conduct of export promotion trade fairs and other export promotional activities.

"(2) DESIRED LEVEL OF SET-ASIDE.—The desired amounts of such assistance should be provided at levels no less than the following schedule of set-aside funding:

"(A) 10 percent in fiscal year 1991,
"(B) 11 percent in fiscal year 1992,
"(C) 12 percent in fiscal year 1993,
"(D) 13 percent in fiscal year 1994, and
"(E) 14 percent in fiscal year 1995

as the Secretary may determine will best effectuate the goals of this section.

"SEC. 203. EQUITABLE TREATMENT OF HIGH-VALUE AND VALUE-ADDED UNITED STATES AGRICULTUKAL COMMODITIES.

"In the case of any program, such as that established under section 201, operated by the Secretary or the Commodity Credit Corporation during the years 1991 through 1995, for the purpose of discouraging unfair trade practices, the Secretary shall establish as an objective to expend annually at least 25 percent of the total funds available (or 25 percent of the value of any commodities employed) for program activities involving the export sale of high-value agricultural commodities and value-added products of United States agricultural commodities.

"TITLE III—TRADE REPORTING

"SEC. 301. EXPORT REPORTING AND CONTRACT SANCTITY.

"(a) EXPORT SALES REPORTS.—(1) IN GENERAL.—All exporters of wheat and wheat flour, feed grains, oil seeds, cotton and products thereof, and other commodities the Secretary may designate produced in the United States shall report to the Secretary of Agriculture, on a weekly basis, the following information regarding any contract for export sales entered into or subsequently modified in any manner during the reporting period:

"(A) type, class, and quantity of the commodity sought to be exported;
"(B) the marketing year of shipment; and
"(C) destination; if known.

"(2) CONFIDENTIALITY AND COMPILATION OF REPORTS.—Individual reports shall remain confidential in accordance with subsection (c) but shall be compiled by the Secretary and published in compilation form each week following the week of reporting.

"(3) IMMEDIATE REPORTING.—All exporters of agricultural commodities produced in the United States shall upon request of the Secretary of Agriculture immediately report to the Secretary any information with respect to export sales of agricultural commodities and at such times as the Secretary may request. When the Secretary requires that such information be reported by exporters on a daily basis, the information compiled from individual reports shall be made available to the public daily.

"(4) MONTHLY REPORTING PERMITTED.—The Secretary may, with respect to any commodity or type or class thereof during any period in which he determines that there is a domestic supply of such commodity substantially in excess of the quantity needed to meet domestic requirements, and that total supplies of such commodity in the exporting countries are estimated to be in surplus, and that anticipated exports will not result in excessive drain on domestic supplies, and that to require the reports to be made will unduly hamper export sales, provide for such reports by exporters and publishing of such data to be on a monthly basis rather than on a weekly basis.

"(b) REPORT ON ORIGIN OF COMMODITIES.—(1) IN GENERAL.—The Secretary shall require each person making a commercial export of any agricultural commodity or product thereof (hereinafter in this section referred to as a 'good') that is deter-

mined by the Secretary to be of commercial significance, before or upon that exportation, to report the quantity of such good so exported, and the percentage of the agricultural components produced in the United States and percentage produced in a foreign country by value and weight, and shall also report such percentages by crop year and type, if necessary or appropriate to determine the identity of the United States and foreign agricultural components of the good exported.

"(2) EXEMPTION.—A person shall not be required to report any information under paragraph (1) that cannot be obtained from records maintained in the ordinary course of business.

"(3) CODES.—The Secretary may establish codes to identify the type and characteristics of each commodity for the purposes of reports under paragraph (1).

"(4) COMPILATION OF REPORTS.—Individual reports shall remain confidential in accordance with subsection (c) but may be compiled by the Secretary and published in compilation form on a quarterly basis.

"(c) CONFIDENTIALITY.—The individually identifiable information contained in reports under this section shall be kept confidential by the Secretary and by the Department of Agriculture and is not subject to disclosure under section 552 of title 5, United States Code. Whoever being an officer or employee in the Department knowingly discloses, except as required by court order, to the public information made confidential by this subsection shall be fined under title 18, United States Code, or imprisoned not more than one year, or both. Nothing in this section shall be construed to authorize the withholding of information from Congress.

"(d) FAILURE TO REPORT.—Any person who knowingly fails to make any report required under this section shall be fined not more than $25,000 or imprisoned not more than one year, or both.

"(e) CONTRACT SANCTITY.—Notwithstanding any other provision of law, the President shall not prohibit or curtail the export of any agricultural commodity or the products thereof under an export sales contract (1) entered into before the President announces an action that would otherwise prohibit or curtail the export of the commodity or products thereof, (2) the terms of which require delivery of the commodity or products thereof within 270 days after the date of the suspension of trade is imposed, except that the President may prohibit or curtail the export of any commodity or the products thereof during a period for which the President has declared a national emergency or for which Congress has declared war.".

"TITLE IV—REPORTS

"SEC. 401. NONGOVERNMENTAL SUBSIDIES.

"(a) IN GENERAL.—The Secretary shall submit a report to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate specifying any nongovernmental subsidies provided in any foreign country. In compiling such report, the Secretary shall give priority to specifying those nongovernmental subsidies provided to livestock and commodities for which there is a price support program or marketing agreement or order in effect in the United States.

"(b) DEADLINES.—The Secretary shall submit the report specified in subsection (a) no later than 180 days after the date of enactment of the Food and Agricultural Resources Act of 1990, and shall submit additional reports at 1 year intervals for each of the next 5 years after the submission of the first report.".

SEC. 1212. AMENDMENTS RELATING TO EXPORT CREDIT PROGRAMS.

(a) GUARANTEES FOR WOOD.—Section 4(b)(1) of the Food for Peace Act of 1966 (7 U.S.C. 1707a(b)(1)) is amended by adding at the end the following new sentence: "In making available any assistance under this paragraph with respect to wood and processed wood products, the Commodity Credit Corporation shall make such guarantees available under terms and conditions comparable to terms and conditions that apply to other agricultural products.".

(b) CRITERIA FOR USE OF AUTHORITY.—Section 4(b)(2) of the Food for Peace Act of 1966 (7 U.S.C. 1707a(b)(2)) is amended by inserting "directly benefit United States agricultural producers and will" after "that the sale will".

(c) PROGRAM LEVEL.—Section 4(b)(10) of the Food for Peace Act of 1966 (7 U.S.C. 1707a(b)(10)) is amended by—

(1) striking beginning with "available—" through the end and inserting "available not less than $500,000,000 for each of fiscal years 1991 through 1995.".

(d) CREDIT GUARANTEES.—Section 4 of the Food for Peace Act of 1966 (7 U.S.C. 1707a) is amended by adding at the end the following:

"(e) RESTRICTION.—The Corporation shall not make credit guarantees available for exports to any country the Secretary determines cannot adequately service the debt associated with the guarantee.

"(f) FRAUD.—If the Corporation finds that any exporter or assignee has engaged in fraud or in any scheme, trick or device to misuse or misappropriate any credit guarantee made available under this section, the relevant export credit guarantee issued under this section is no longer valid.

"(g) DIVERSION OF CARGO.—(1) IN GENERAL.—The Secretary shall ensure that commodities exported under any program under this section arrive at the specified destination country. The Secretary may provide for an exception if such arrival does not occur due to force majeure.

"(2) ENFORCEMENT.—The Secretary shall provide that in the case commodities exported under any program under this section fail to arrive at the specified destination country, except as provided under paragraph (1)—

"(A) any person receiving a credit guarantee under this section in connection with such commodities shall be liable for the amount of any amounts paid under such guarantee and shall be ineligible for participation in any program under this section for a period of up to 5 years, unless such failure was beyond the control of such person and without negligence or acquiescence on the part of such person; and

"(B) if such failure is attributable in whole or in part to the specified destination country, no credit or guarantee is made available under any program under this section for exports to such country for a period of 1 year or more.

"(3) SCHEME OR DEVICE.—Any person who engages in any scheme or device to circumvent the provisions of this subsection shall be ineligible to participate in any program under this section for a period of up to 5 years. The Secretary shall provide that no credit or guarantee is made available under any program under this section for exports to any country that engages in any scheme or device to circumvent the provisions of this subsection for a period of at least one year.

"(4) OTHER REMEDIES UNAFFECTED.—The remedies provided under this subsection are in addition to any remedy available under any other provision of law.

"(h) FOREIGN AGRICULTURAL COMPONENTS.—The Commodity Credit Corporation shall finance or guarantee under this section only United States agricultural commodities, as defined in section 101(6) of the Agricultural Trade Act of 1978. The Commodity Credit Corporation shall not finance or guarantee under this section the value of any foreign agricultural component.

"(i) RECORDS.—(1) IN GENERAL.—In the administration of the program established under this section, the Secretary shall require exporters under the program to maintain all records concerning a program transaction for a period of 5 years from the completion of the program transaction and permit the Secretary to have full and complete access to the records of the exporter relating to the program transaction for the 5-year period following the completion of the program transaction.

"(2) NONPROGRAM TRANSACTIONS.—The Secretary may require exporters participating in the program to make available for 5 years after completion of the program transaction all books and other records concerning transactions other than program transactions for purposes of program oversight and administration.".

(e) USE OF PROGRAM.—Section 4(b)(5) of the Food for Peace Act of 1966 (7 U.S.C. 1707a(b)(5)) is amended by inserting ", foreign policy," after "foreign aid".

(f) SHORT-TERM EXPORT CREDIT GUARANTEES.—Section 1125 of the Food Security Act of 1985 (7 U.S.C. 1736t) is amended by—

(1) in subsection (b) striking "1990" and inserting "1995";

(2) in subsection (d)—

(A) by inserting "(1)" after the subsection designation; and

(B) by adding at the end the following new paragraph:

"(2) In making available any guarantees under subsection (b) with respect to wood and processed wood products, the Commodity Credit Corporation shall make such guarantees available under terms and conditions comparable to terms and conditions that apply to other agricultural products."; and

(3) adding the following new subsections:

"(e) FOREIGN AGRICULTURAL COMPONENTS.—The Commodity Credit Corporation shall guarantee under any program conducted under this section only United States agricultural commodities, as defined in section 101(6) of the Agricultural Trade Act of 1978. The Commodity Credit Corporation shall not guarantee under this section the value of any foreign agricultural component.

"(f) RECORDS.—(1) IN GENERAL.—In the administration of the program established under this section, the Secretary shall require exporters under the program to maintain all records concerning a program transaction for a period of 5 years from the completion of the program transaction and permit the Secretary to have full and complete access to the records of the exporter relating to the program transaction for the 5-year period following the completion of the program transaction.

"(2) NONPROGRAM TRANSACTIONS.—The Secretary may require exporters participating in the program to make available for 5 years after completion of the program transaction all books and other records concerning transactions other than program transactions for purposes of program oversight and administration.".

SEC. 1213. MARKET DEVELOPMENT TASK FORCE.

(a) ESTABLISHMENT.—The Secretary shall establish a task force, to be known as the "Market Development Task Force" (hereinafter referred to in this section as the "Task Force"), to develop foreign market development strategy, coordinate and disseminate information, and provide advice and education to entities, concerning agricultural export markets and domestic trade programs.

(b) COMPOSITION.—The Task Force shall be composed of 11 members, of which—

(1) one member shall be the Administrator of the Foreign Agricultural Service, or such Administrator's designee;

(2) one member shall be the Secretary of Commerce, or such Secretary's designee;

(3) one member shall be the United States Trade Representative, or such Representative's designee;

(4) one member shall be the Administrator of the Small Business Administration, or such Administrator's designee;

(5) one member shall be the Administrator of the Extension Service, or such Administrator's designee;

(6) one member shall be the Administrator of the Agricultural Stabilization and Conservation Service, or such Administrator's designee;

(7) one member shall be a representative of the National Association of State Departments of Agriculture (NASDA); and

(8) one member shall be the special assistant to the President appointed under section 1113 of the Food Security Act of 1985 (7 U.S.C. 1736-1), or such assistant's designee.

(c) CHAIRPERSON.—The Administrator of the Foreign Agricultural Service shall serve as the Chairperson of the Task Force.

(d) VACANCIES.—A vacancy occurring on the Task Force in a member described in subsection (b)(7) or (b)(8) shall be filled in the same manner in which the original appointment was made.

(e) EQUIPMENT AND STAFF.—(1) PERSONNEL.—The Secretary shall make available to the Task Force office facilities and equipment necessary to enable the Task Force to effectively carry out its functions.

(2) STAFF.—The members of the Task Force identified in paragraphs (1) through (6) of subsection (b) shall make available to the Task Force such personnel, and the Secretary may employ such additional staff, as are necessary to enable the Task Force to effectively carry out its functions.

(f) FUNCTIONS.—The Task Force shall—

(1) develop a strategy that demonstrates ways in which the Federal Government can support the export of processed products;

(2) coordinate the information available concerning—

(A) the locations of existing and potential agricultural export markets;

(B) the types of commodities and products desirable in such markets;

(C) the existence of trade barriers applicable to such markets;

(D) the existence of Federal trade program opportunities that are available to domestic exporters; and

(E) any other information related to such markets;

(3) disseminate the information described in paragraph (1);

(4) annually produce, publish and disseminate throughout the United States through the Extension Service and through regional trade organizations, a catalog containing information available through the Federal Government concerning such markets;

(5) act as an advisor and consult with State governments to promote the establishment and use of such markets; and

(6) perform any other functions determined appropriate by the Task Force.

(g) CONSULTATION WITH PARTICIPANTS IN PROGRAMS.—The Task Force shall consult with participants in agricultural trade programs, including regional trade organizations, in carrying out the functions of the Task Force.

(h) REGULATIONS.—Not later than 180 days after the date of enactment of this Act, the Secretary shall prepare and submit, to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate, proposed regulations necessary to establish and administer the Task Force.

(i) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated such sums as may be necessary to carry out this section.

(j) TERMINATION.—The Task Force shall cease to exist 5 years after the date of the enactment of this section.

Subtitle C—Agricultural Trade with and Fellowships for Emerging Democracies and Middle-Income Countries

SEC. 1221. PROMOTION OF AGRICULTURAL EXPORTS TO EMERGING DEMOCRACIES.

(a) GUARANTEES TO BE MADE AVAILABLE.—The Commodity Credit Corporation, for each of fiscal years 1991 through 1995—

(1) shall make available not less than $225,000,000 of export credit guarantees for exports to emerging democracies under the program described in section 1125(b) of the Food Security Act of 1985 (7 U.S.C. 1736t(b)), in addition to the amounts required under that section;

(2) shall make available $50,000,000 to guarantee financing, on terms of not less than 3 years nor more than 10 years, for the establishment or improvement of facilities by United States persons in emerging democracies to improve handling, marketing, processing, storage, or distribution of imported agricultural commodities if the Secretary of Agriculture determines that such guarantees will promote the export of United States agricultural commodities; and

(3) is encouraged to make available guarantees under section 4(b) of the Food for Peace Act of 1966 (7 U.S.C. 1707a(b)), in addition to the amounts otherwise available under that section, for exports to emerging democracies.

The Commodity Credit Corporation shall give priority under paragraph (2) to opportunities or projects identified under subsection (b).

(b) SHARING UNITED STATES AGRICULTURAL EXPERTISE.—(1) IN GENERAL.—(A) ESTABLISHMENT OF PROGRAM.—For each of the fiscal years 1991 through 1995, the Secretary of Agriculture (hereafter referred to in this section as "the Secretary"), in order to develop, maintain or expand markets for United States agricultural exports, is directed to make available to emerging democracies the expertise of the United States to make assessments of the food system needs of such democracies, make recommendations on measures necessary to enhance the effectiveness of those systems, and identify specific opportunities and projects to enhance the effectiveness of those systems.

(B) EXTENT OF PROGRAM.—The Secretary shall implement this subsection with respect to at least 3 such countries in each fiscal year.

(2) EXPERTS FROM THE UNITED STATES.—The Secretary shall implement the requirements of paragraph (1)—

(A) by providing assistance to teams consisting primarily of United States agricultural consultants and government officials expert in assessing the food and rural business systems of other countries to enable such teams to conduct the assessments, make the recommendations, and identify the opportunities and projects specified in paragraph (1) in emerging democracies; and

(B) by providing necessary subsistence expenses in the United States and necessary transportation expenses by individuals designated by emerging democracies to enable such individuals to consult with food and rural business system experts in the United States to enhance such systems of such emerging democracies.

(3) COST-SHARING.—The Secretary shall encourage the nongovernmental experts described in paragraph (2)(B) to share the costs of, and otherwise assist in, the participation of such experts in the program under this subsection.

(4) TECHNICAL ASSISTANCE.—The Secretary is authorized to provide technical assistance to implement the recommendations, or in connection with the opportunities or projects identified, under paragraph (1).

(5) REPORTS TO SECRETARY.—A team that receives assistance under paragraph (2)(A) shall prepare such reports as the Secretary may require.

(6) REPORT TO CONGRESS.—The Secretary shall annually submit to the Committee on Agriculture, Nutrition and Forestry of the Senate and the Committee on Agriculture of the House of Representatives, a report summarizing the activities carried out under this subsection, including a summary of the assessments and recommendations prepared under this subsection, and the Secretary shall also make the assessments and recommendations available to the public.

(7) ADVISORY COMMITTEE.—To provide the Secretary with information that may be useful to the Secretary in carrying out the provisions of this subsection, the Secretary shall establish an advisory committee composed of representatives of the various sectors of the food system of the United States.

(8) USE OF CCC.—The Secretary shall implement this subsection through the funds and facilities of the Commodity Credit Corporation. The authority provided under this subsection shall be in addition to and not in place of any other authority of the Secretary or the Commodity Credit Corporation.

(9) LEVEL OF ASSISTANCE.—The Secretary shall provide assistance under this subsection of not more than $10,000,000 in any fiscal year.

(c) EMERGING DEMOCRACY.—As used in this section, the term "emerging democracy" means any country that, as determined by the President, has made a significant beginning in transforming the system of government of the country from a non-representative type of government to a representative democracy and is encouraging democratic institution building, and the cultural values, institutions, and organizations of democratic pluralism.

SEC. 1222. AGRICULTURAL FELLOWSHIP PROGRAM FOR MIDDLE-INCOME COUNTRIES AND EMERGING DEMOCRACIES.

(a) ESTABLISHMENT.—The Secretary of Agriculture shall establish a fellowship program for middle-income countries and emerging democracies to provide fellowships to persons from eligible countries who specialize in agriculture for study in the United States.

(b) ELIGIBLE COUNTRIES.—Countries that meet the following requirements shall be eligible to participate in the program established under this section:

(1) A middle-income country means a country that—

(A) has developed economically to the point where it no longer qualifies for bilateral foreign assistance programs from the United States because its per capita income level exceeds the eligibility requirements of such programs; or

(B) has never qualified for bilateral foreign assistance programs from the United States, but with respect to which an ongoing relationship with the United States, including technical assistance and training, would provide mutual benefits to such country and the United States.

(2) An emerging democracy means a country that has recently begun the transformation of its system of government from a non-representative type of government to a representative democracy and is encouraging democratic institution building, and the cultural values, institutions, and organizations of democratic pluralism.

(c) PURPOSE OF THE FELLOWSHIPS.—Fellowships under this section shall be provided in order to allow the recipients to gain knowledge and skills that will—

(1) assist eligible countries to develop agricultural systems necessary to meet the food needs of their domestic populations; and

(2) strengthen and enhance trade linkages between eligible countries and agricultural interests in the United States.

(d) INDIVIDUALS WHO MAY RECEIVE FELLOWSHIPS.—The Secretary shall utilize the expertise of United States agricultural counselors, trade officers, and commodity trade promotion groups working in participating countries to help identify program candidates from both the public and private sectors of those countries.

(e) PROGRAM IMPLEMENTATION.—The Secretary shall consult with other United States Government agencies, United States universities, and the private agribusiness sector, as appropriate, to design and administer training programs to accomplish the program objectives.

(f) AUTHORIZATION OF APPROPRIATIONS.—There are hereby authorized to be appropriated without fiscal year limitation such sums as may be necessary to provide funding to carry out the program established under this section, except that the amount of such funds shall not exceed—

(1) for eligible countries that meet the requirements of subsection (b)(1), $3,000,000;

(2) for eligible countries that meet the requirements of subsection (b)(2), $2,000,000; and

(3) for eligible countries that meet the requirements of subsection (b)(3), $5,000,000.

(g) COMPLEMENTARY FUNDS.—When the Secretary of Agriculture determines that it is advisable in furtherance of program purposes, the Secretary may accept money, funds, property, and services of every kind by gift, devise, bequest, grant, or otherwise, and may, in any manner, dispose of all such holdings and use the receipts generated from such disposition as general program funds under this section. All funds so designated for the program established under this section shall remain available until expended.

Subtitle D—Studies and Reports

SEC. 1231. STUDY OF NORTH AMERICAN FREE TRADE AREA.

The Secretary of Agriculture shall study the potential effects on the United States agricultural economy of the creation of a North American free trade area, including the creation of a United States-Mexico free trade area. The Secretary shall submit a report on the results of such study to the Congress no later than May 31, 1991.

SEC. 1232. REPORT ON WOOD EXPORT PROMOTION.

Not later than 180 days after the date of enactment of this Act, and annually thereafter through fiscal year 1995, the Secretary of Agriculture shall prepare and submit to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition and Forestry of the Senate a report concerning the promotion and participation of wood and processed wood products in the programs conducted under the Agricultural Trade Development and Assistance Act of 1954, section 1125 of the Food Security Act of 1985, and section 4 of the Food for Peace Act of 1966.

SEC. 1233. ROSE AND FLOWER STUDY.

(a) IN GENERAL.—The Secretary of Agriculture shall conduct a study of the impact of consignment sales of foreign roses and fresh cut flowers on the domestic rose and fresh cut flower industry, taking into account the findings in the report issued April 1989 entitled "Competitive Conditions in the U.S. and World Markets for Fresh Cut Roses" by the United States International Trade Commission.

(b) REPORT TO CONGRESS.—Not later than one year after the date of the enactment of this Act, the Secretary shall report the results of the study conducted under subsection (a) to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate together with any recommendations of the Secretary on how the domestic rose and fresh cut flower industry can compete fairly with the practice of consignment sales.

SEC. 1234. COMMODITY TRANSPORTATION AND TECHNOLOGY ASSESSMENT AND REPORT.

(a) IN GENERAL.—The Secretary of Agriculture shall conduct an assessment of the impact upon prices received by producers, costs to consumers, and the overall effect upon the ability of the United States to fulfill export goals and expand foreign markets for domestic commodities of the current agricultural transportation situation, focusing especially on rail transportation capabilities including rail abandonments, periodic shortages of adequate rail car equipment suitable for transporting agricultural commodities, and the practice of rail carriers selling in advance Certificates of Transportation.

(b) In preparing the assessment required by this section, the Secretary shall consult with rail, truck, and waterborne carriers who have experience in the transportation of agricultural commodities, and shall also examine the feasibility of—

(1) providing technical and financial assistance to producers, marketers, and exporters in the design and construction of alternatives (such as freight containers that could be carried aboard flatbed trucks, flatbed rail cars, river barges, and ocean-going container vessels) to covered rail hopper cars for the purpose of transporting bulk commodities to appropriate terminal market facilities; and

(2) encouraging the establishment of a computerized network that would assist producers, marketers, exporters, and carriers in identifying, matching, and coordinating potential loads of agricultural commodities with carriers having proper capabilities and equipment in an effort to expedite transportation needs.

(c) REPORT.—Within 240 days following enactment of this Act, the Secretary shall report to the Committee on Agriculture of the House of Representatives and the

Committee on Agriculture, Nutrition, and Forestry of the Senate the results and recommendations of such assessment.

(d) For the purpose of preparing the assessment and report required by this section, the Secretary is authorized to expend such sums as may be necessary in order to complete a thorough assessment and report as required by this section from any unobligated funds appropriated to the Department of Agriculture, and may, without the necessity of advertising for bids, contract with any appropriate private sector businesses that have expertise and experience in transporting agricultural commodities, or with experience in operating a computerized network of load and equipment matching between shippers and carriers if the work or consultation performed under such contract is deemed necessary by the Secretary in order to fully comply with the scope of the assessment, and complete the report, required by this section.

SEC. 1235. RED TART CHERRY STUDY.

(a) STUDY.—Not later than 240 days after the date of enactment of this Act, the Secretary of Agriculture shall, in consultation with the United States International Trade Commission, complete a study to determine—

(1) the competitive factors affecting the domestic red tart cherry industry, including competition from imports;

(2) the effect that the European Community's restriction on imported red tart cherries has had, and may continue to have, on world trade of red tart cherries;

(3) the extent to which unfair trade practices and barriers to trade by other competing countries are impeding the marketing abroad of domestically produced red tart cherries; and

(4) the extent to which imported red tart cherry concentrate has been sold, and is being sold, in the United States at prices below the world market price such that it may constitute an unfair competitive practice on the domestic markets.

(b) REPORT.—The Secretary shall submit a report containing the results of the study conducted under subsection (a), to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate.

(c) SENSE OF CONGRESS.—It is the sense of Congress, that the Secretary of Agriculture should use all available remedies, programs and policies to assist the domestic red tart cherry industry to maintain and enhance its ability to compete in the domestic and world market for red tart cherries.

SEC. 1236. REPORT ON SECTION 22 SUSPENSION OR TERMINATION.

(a) REQUIREMENT OF REPORT.—If section 22 of the Agricultural Adjustment Act (7 U.S.C. 624) is repealed or all measures proclaimed under such section are suspended, the Secretary of Agriculture shall, prior to the effective date of the suspension or termination of any quantitative limitation or fee in effect under that section, report to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate.

(b) CONTENTS OF REPORT.—The report under subsection (a) shall assess each material consequence of the lifting of such limitation or fee, including the impact on—

(1) the Farmers Home Administration and agricultural credit in general;

(2) the prices paid to farmers generally for the affected commodity; and

(3) United States food security needs.

Subtitle E—Effective Dates and Conforming Changes

SEC. 1241. EFFECTIVE DATES.

(a) The amendments made by subtitle A shall be effective beginning for fiscal year 1991.

(b) The provisions of section 103 of the Agricultural Trade Act of 1978 (as amended by section 1211) shall apply to proposals pending or received on or after the date of enactment of this Act.

(c) The Secretary shall promulgate regulations to implement section 301 of the Agricultural Trade Act of 1978 (as amended by this title) no later than 180 days after the date of enactment of this Act.

SEC. 1242. CONFORMING CHANGES.

(a) REPEAL OF EXPORT SALES REPORTING.—Section 812 of the Agricultural Act of 1970 (7 U.S.C. 612c-3) is hereby repealed.

(b) REPEAL OF OBSOLETE LAWS.—Effective Octo- ber 1, 1991, sections 1124 and 1127 of the Food Security Act of 1985 (7 U.S.C. 1736s and 1736v) are repealed.

(c) REPEAL OF SENSE OF CONGRESS.—Section 1165 of the Food Security Act of 1985 is repealed.

TITLE XIII—RESEARCH

Subtitle A—Extensions and Changes to Existing Programs

SEC. 1301. INCREASED AUTHORIZATIONS FOR, AND THE EXTENSION OF, EXISTING PROGRAMS.

(a) AGRICULTURAL RESEARCH FACILITIES GRANTS.—Section 4(a) of the Research Facilities Act (7 U.S.C. 390c(a)) is amended—

(1) by striking "$20,000,000" and inserting "$50,000,000"; and

(2) by striking "ending September 30, 1986, through September 30, 1990" and inserting "1991 through 1995".

(b) PROGRAMS ESTABLISHED IN THE NATIONAL AGRICULTURAL RESEARCH, EXTENSION, AND TEACHING POLICY ACT OF 1977.—(1) NUTRITION EDUCATION PROGRAM.—Section 1425(c) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (hereafter in this subsection referred to as "that Act")7 U.S.C. 3175(c)) is amended by adding at the end the following new paragraph:

"(3) There is authorized to be appropriated for the expanded food and nutrition education program conducted under section 3(d) of the Act of May 8, 1914, not more than $63,000,000 for fiscal year 1991, $68,000,000 for fiscal year 1992, $73,000,000 for fiscal year 1993, $78,000,000 for fiscal year 1994, and $83,000,000 for fiscal year 1995.".

(2) ANIMAL HEALTH AND DISEASE CONTINUING RESEARCH.—Section 1433(a) of that Act (7 U.S.C. 3195(a)) is amended by striking "annually for the period beginning October 1, 1981, and ending September 30, 1990," and inserting "for each of the fiscal years 1991 through 1995,".

(3) ANIMAL HEALTH AND DISEASE NATIONAL OR REGIONAL RESEARCH.—Section 1434(a) of that Act (7 U.S.C. 3196(a)) is amended by striking "annually for the period beginning October 1, 1981, and ending September 30, 1990," and inserting "for each of the fiscal years 1991 through 1995,".

(4) AGRICULTURAL RESEARCH PROGRAMS.—Section 1463 of that Act (7 U.S.C. 3311) is amended—

(A) in subsection (a), by striking "$600,000,000" and all that follows through "1990." and inserting "$850,000,000 for each of the fiscal years 1991 through 1995."; and

(B) in subsection (b), by striking "$270,000,000" and all that follows through "1990." and inserting "$310,000,000 for each of the fiscal years 1991 through 1995.".

(5) SUPPLEMENTAL AND ALTERNATIVE CROPS RESEARCH.—Section 1473D(a) of that Act (7 U.S.C. 3319d(a)) is amended by striking "1990" and inserting "1995".

(6) RANGELAND RESEARCH ADVISORY BOARD.—Section 1482(a) of that Act (7 U.S.C. 3335(a)) is amended by striking "1990," and inserting "1995,".

(7) RANGELAND RESEARCH.—Section 1483(a) of that Act (7 U.S.C. 3336(a)) is amended by striking "annually for the period beginning October 1, 1981, and ending September 30, 1990." and inserting "for each of the fiscal years 1991 through 1995.".

(c) DAIRY GOAT RESEARCH.—Section 1432(b)(5) of the National Agricultural Research, Extension, and Teaching Policy Act Amendments of 1981 (7 U.S.C. 3222 note) is amended by striking "ending September 30, 1986, through September 30, 1990," and inserting "1991 through 1995,".

(d) EXTENSION OF PROGRAMS ESTABLISHED IN THE FOOD SECURITY ACT OF 1985.—(1) GRANTS TO UPGRADE 1890 LAND-GRANT COLLEGE EXTENSION FACILITIES.—Section 1416(b) of the Food Security Act of 1985 (hereafter in this subsection referred to as "that Act") (7 U.S.C. 3224(b)) is amended by striking "ending September 30, 1986, through September 30, 1990," and inserting "1991 and 1992,".

(2) FEDERAL AGRICULTURAL RESEARCH FACILITIES.—Section 1431 of that Act (99 Stat. 1556) is amended—

(A) in subsection (a), by striking "ending September 30, 1988, through September 30, 1990," and inserting "1991 through 1995"; and

(B) in subsection (b), by striking "ending September 30, 1986, through September 30, 1990," and inserting "1991 through 1995,".

(3) FEDERAL MATCHING FUNDS FOR MARKET EXPANSION RESEARCH.—Section 1436(b)(3)(C) of that Act (7 U.S.C. 1632(b)(3)(C)) is amended by striking "ending September 30, 1986, through September 30, 1990." and inserting "1991 through 1995.".

SEC. 1302. FINDINGS OF THE NATIONAL AGRICULTURAL RESEARCH, EXTENSION, AND TEACHING POLICY ACT OF 1977.

Section 1402 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3101) is amended to read as follows:

"SEC. 1402. FINDINGS.

"Congress finds the following:

"(1) The Federal Government has provided funding support for agricultural research and extension for many years in order to promote and protect the general health and welfare of the people of the United States, and this support has significantly contributed to the development of the Nation's agricultural system.

"(2) The existing agricultural research system consisting of the Federal Government, the land-grant colleges and universities, other colleges and universities engaged in agricultural research, the agricultural experiment stations, and the private sector constitutes an essential national resource that must serve as the foundation for any further strengthening of agricultural research in the United States.

"(3) The agencies conducting federally supported research were established at different times in response to different and specific needs and their work is neither fully coordinated among these agencies nor with the non-Federal agricultural research activities.

"(4) Long-range planning for research, extension, and teaching is a key element in meeting the objectives of this title; accordingly, all of the elements in the food and agricultural science and education system are encouraged to expand their planning and coordination efforts.

"(5) These agencies have only been partially successful in responding to the needs of all persons affected by their research, and useful information produced through such federally supported research is not being efficiently transferred to the people of the United States.

"(6) The agricultural system in the United States is increasingly dependent on science and technology and requires a constant source of food and agricultural scientific expertise to maintain this dynamic system.

"(7) Expanded agricultural research and extension are needed to meet the rising demand for food and fiber products caused by increases in worldwide population, market forces, and food shortages.

"(8) Advances in food and agricultural sciences and technology have become increasingly limited by the periodic imbalances between the thorough development and exploitation of currently known scientific principles and technological approaches and concentration upon more fundamental research, requiring a continuing review and balancing of research emphases.

"(9) Federal funding levels for agricultural research and extension in recent years have not always been commensurate with needs stemming from changes in United States agricultural practices and the world food and agricultural situation.

"(10) It has been, and continues to be, the policy of the United States to support food and agricultural research, extension, and teaching in the broadest sense of these terms. The partnership between the Federal Government and the States (as consummated in legislation and cooperative agreements and in efforts to implement this policy in cooperation with the food and agricultural industry) has provided the United States with the most productive and efficient food and agricultural system in the world. This system is the basis of our national affluence and provides vast amounts of food and fiber to people in other countries. The food and agricultural system is dynamic and constantly changing, however, and research, extension, and teaching programs must be maintained and constantly adjusted to meet new challenges and opportunities. National support of cooperative research, extension, and teaching efforts must be reaffirmed and strengthened to meet major societal needs and scientific opportunities. Efforts in the food and agricultural sciences are needed in the following areas:

"(A) PLANT SYSTEMS.—Special emphases are needed on plant genome structure and function; molecular and cellular genetics and plant and microbial biotechnology; plant-pest interactions and biocontrol systems; crop plant response to environmental stresses; improved nutrient qualities of plant products; new food, feed, fiber, and industrial uses of plant products;

and development of new crops, best management practices, integrated crop management, and other cropping systems.

"(B) ANIMAL SYSTEMS.—Special emphases are needed on cellular, molecular, physiological, and behavioral basis of animal reproduction, growth, disease, and health; identification of genes responsible for improved production traits and resistance to disease, improved nutritional performance of animals; improved nutrient qualities and safety of animal products and development of new animal products; enhanced animal production practices and technologies; animal husbandry and well-being; and animal systems applicable to aquaculture.

"(C) NUTRITION, FOOD QUALITY, AND HEALTH AND WELFARE.—Special emphases are needed on microbial contaminants and toxic contaminants and residues related to human health; links between diet and health, including monitoring the nutritional status of the population, especially critical subpopulations; nutrition education; rural family welfare; home economics; bio-availability of nutrients, postharvest physiology and practices; and improved processing technologies.

"(D) NATURAL RESOURCES AND THE ENVIRONMENT.—Special emphases are needed on fundamental structures and functions of ecosystems; biological and physical bases of integrated production systems; minimizing soil losses and degradation, sustaining surface and ground water quality, and maximizing water availability through conservation; forest and range management and productivity; weather and climatic effects on agriculture.

"(E) ENGINEERING, PRODUCTS, AND PROCESSES.—Special emphases are needed on new uses and new products from crops, animals, byproducts, waste products and natural resources; robotics, computing, and expert systems; information and communications technologies and systems; energy efficiency, conservation, and the development of alternative, renewable energy sources; new hazard and risk assessment and mitigation measures; and natural resource and environmental quality and management.

"(F) MARKETS, TRADE, AND AGRICULTURAL POLICY.—Special emphases are needed on optimal strategies for entering and competing in domestic and overseas markets; new decision tools for on-farm and in-market systems; choices and applications of technology; new approaches to economic development and viability in the rural United States, with emphases on family farming operations; international cooperation in agricultural research, extension, and teaching; and agricultural and nutritional improvements in developing nations.

"(11) Research and extension efforts should be directed toward the development of integrated production systems which are profitable, environmentally and agronomically sound, offer diverse production and market options, and increase rural economic and social vitality.

"(12) The Secretary should seek, on an annual basis, the assistance and guidance of the Board on Agriculture of the National Research Council, National Academy of Sciences, in identifying—

"(A) science and technology opportunities, training, and the manpower needs of the United States;

"(B) opportunities to advance the sustainability and profitability of agricultural enterprises;

"(C) applications of science and technology in enhancing the safety and nutritional attributes of food; and

"(D) factors underlying the long-run international competitiveness of agriculture in the United States and the prospective role of the United States in meeting human food needs.".

SEC. 1303. DEFINITION OF SUSTAINABLE AGRICULTURE.

Section 1404 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3103) is amended—

(1) by striking "and" at the end of paragraph (15);

(2) by inserting "and" at the end of paragraph (16); and

(3) by adding at the end the following new paragraph:

"(17) the term 'sustainable agriculture' means an integrated system of plant and animal production practices having a site-specific application that will, over the long-term—

"(A) satisfy human food and fiber needs;

"(B) enhance environmental quality and the natural resource base upon which the agriculture economy depends;

"(C) make the most efficient use of nonrenewable resources and on-farm resources and integrate, where appropriate, natural biological cycles and controls;

"(D) sustain the economic viability of farm operations; and

"(E) enhance the quality of life for farmers and society as a whole.".

SEC. 1304. JOINT COUNCIL ON FOOD AND AGRICULTURAL SCIENCES AND NATIONAL AGRICULTURAL RESEARCH AND EXTENSION USERS ADVISORY BOARD.

(a) JOINT COUNCIL.—Section 1407 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3122(a)) is amended—

(1) by striking the section heading and "SEC. 1407. (a)" and inserting the following:

"SEC. 1407. JOINT COUNCIL ON FOOD AND AGRICULTURAL SCIENCES.

"(a) TERM.—";

(2) in subsection (a), by striking "1990" and inserting "1995";

(3) by inserting "COMPOSITION.—" after "(b)";

(4) in the first sentence of subsection (b)—

(A) by striking "twenty-five" and inserting "21"; and

(B) by striking "including" and all that follows through the period in that sentence and inserting "including—

"(1) six representatives from State cooperative institutions, including at least one from institutions eligible to receive funds under the Act of August 30, 1890 (7 U.S.C. 321 et seq.), including Tuskegee University;

"(2) four representatives from agencies within the Department of Agriculture which have significant research, extension, and teaching responsibilities;

"(3) one representative from public colleges and universities having a demonstrable capacity to carry out food and agricultural research, extension, and teaching;

"(4) one representative from colleges and universities conducting research related to the food and agricultural sciences;

"(5) three representatives from private organizations or corporations conducting research in the food and agricultural sciences, including one representative from the food processing industry involved in food technology research;

"(6) one representative from among foundations funding research in the food and agricultural sciences;

"(7) one representative from among farmers, ranchers, and other producers or domestic agricultural commodities;

"(8) one representative from the Office of Science and Technology Policy;

"(9) two representatives from other Federal agencies determined by the Secretary to be appropriate;

"(10) one representative from the National Academy of Sciences; and

"(11) to the extent the Joint Council is composed of more than 21 members, representatives of other public and private institutions, producers, and representatives of the public who are interested in and have the potential to contribute to (as determined by the Secretary) the formulation of national policy in the food and agricultural sciences.";

(5) by striking the fourth, fifth, and sixth sentences of subsection (b);

(6) by inserting "TIME FOR MEETINGS.—" after "(c)";

(7) by inserting "RESPONSIBILITIES.—" after "(d)";

(8) in subsection (d)(2)—

(A) in subparagraph (B) by striking "and determine" and all that follows through "the Secretary" in that subparagraph;

(B) by striking subparagraph (F);

(C) by redesignating subparagraphs (C), (D), and (E) as subparagraphs (D), (E), and (F), respectively;

(D) by inserting after subparagraph (B) the following new subparagraph (C):

"(C) determine high priority issues and goals for agricultural research, extension, and teaching programs, and submit to the Secretary and to Congress annual reports identifying such high priority issues and goals;";

(E) in subparagraph (G)(i)—by striking "and" before "specifying"; and (ii) by inserting before the final semicolon the following: "indicating progress made toward accomplishing the priorities and associated levels of financial and other support recommended in the annual report issued in the prior year; and delineating the activities of the Board in meeting its responsibilities under this subsection; and";

(F) in subparagraph (G) by striking clauses (ii) and (iii) and inserting the following new clause (ii):

"(ii) not later than June 30 of every second year, updating the five-year plan for food and agricultural sciences prepared by the Joint Council that reflects the coordinated views of the research, extension, and teaching community; and specifying the progress being made toward implementing the plan outlined in the previous report.";

(9) by inserting "OPEN MEETINGS AND RECORDS.—" after "(e)"; and

(10) by striking subsection (f).

(b) USERS ADVISORY BOARD.—Section 1408 of that Act (7 U.S.C. 3123) is amended to read as follows:

"SEC. 1408. NATIONAL AGRICULTURAL RESEARCH AND EXTENSION USERS ADVISORY BOARD.

"(a) ESTABLISHMENT.—The Secretary shall establish within the Department of Agriculture a board to be known as the National Agricultural Research and Extension Users Advisory Board (hereafter in this section referred to as the "Advisory Board") which shall remain in existence until September 30, 1995.

"(b) MEMBERSHIP.—The Advisory Board shall be composed of 21 members appointed by the Secretary. The members shall be appointed to serve staggered terms, in a manner determined appropriate by the Secretary. The members of the Advisory Board shall consist of the following:

"(1) One member who is a producer representing farm cooperatives.

"(2) Two members who are producers representing general farm organizations.

"(3) Four members who are producers representing agricultural commodities, forest product, and aquacultural product groups from various geographic regions.

"(4) One member representing agricultural farm suppliers.

"(5) One member representing food and fiber processors.

"(6) One member representing animal health interests.

"(7) One member engaged in transportation of food and agricultural products to domestic or foreign markets.

"(8) One member representing labor organizations primarily concerned with the production, processing, distribution, or transport of food and agricultural products.

"(9) One member representing food marketing interests.

"(10) One member representing private nonprofit organizations and foundations involved in agricultural research, sustainable agricultural research, education, and extension.

"(11) One member representing private sector organizations involved in development programs and issues in developing countries.

"(12) One member representing agencies of the Department of Agriculture that do not have research capabilities.

"(13) One member engaged in rural development work.

"(14) One member engaged in human nutrition work.

"(15) Two members representing consumer interests, including one member who represents nonprofit consumer advocacy organizations.

"(16) One member representing nonprofit environmental protection organizations.

"(c) CHAIRPERSON; VICE-CHAIRPERSON.—At the first meeting each year of the Advisory Board, the members of the Advisory Board shall elect a chairperson and vice-chairperson from the members. The chairperson and vice-chairperson shall serve in such positions for a term of one year.

"(d) MEETINGS.—The Advisory Board shall meet a sufficient number of times each year to carry out its responsibilities under subsection (f). At least one meeting each year shall be held as a combined meeting with the Joint Council.

"(e) PANELS.—The Advisory Board may establish such panels as the Advisory Board considers appropriate to develop information, reports, advice, and recommendations for the use of the Advisory Board in meeting the responsibilities of the Advisory Board. Members of such panels may include members of the Advisory Board, Advisory Board staff members, individuals from the Department of Agriculture and other departments and agencies of the Federal government, and individuals from the private sector who have expertise in the subject to be examined by the panel.

"(f) RESPONSIBILITIES.—(1) The Advisory Board shall have general responsibility for preparing independent advisory opinions on the food and agricultural sciences.

"(2) The Advisory Board shall have specific responsibility to perform the following duties:

"(A) Review the policies, plans, and goals of programs within the Department of Agriculture involving the food and agricultural sciences, and related programs in other Federal and State departments and agencies and in the colleges and universities developed by the Secretary under this title.

"(B) Review and assess the extent of agricultural research, teaching, and extension being conducted by the private sector and the relationships and coordination of such activities with Federally supported agricultural research, teaching, and extension programs.

"(C) Review and provide consultation to the Secretary on national policies, priorities, and strategies for agricultural research and extension for both the short and long term.

"(D) Assess the overall adequacy of the distribution of resources and the allocation of funds authorized by this title and make recommendations to the Secretary, Federal agencies, and private organizations that are contributing to agricultural research, extension, and education funding with regard to such distribution and allocation.

"(E) Identify emerging agricultural research, teaching, and extension issues and suggest programs and technology transfer solutions for use by the public and private agricultural science and education community.

"(F) Evaluate the results and the effectiveness of research and extension programs with regard to their influence on long-term goals of agriculture expressed in section 1403 and consumer needs.

"(g) REPORTS BY THE ADVISORY BOARD.—(1) Not later than July 1 of each year, the Advisory Board shall provide an oral briefing to the Secretary (by the chairperson of the Advisory Board) and a written report to Congress and the Secretary of recommendations concerning the allocation of responsibilities and levels of funding among Federally supported agricultural research and extension programs. The Advisory Board shall include in each oral briefing and written report prepared under this paragraph—

"(A) a review and assessment of the allocation of funds for agricultural research and extension made for the preceding fiscal year by the Department of Agriculture;

"(B) an evaluation of—

"(i) the effectiveness of coordination of Federal and private research initiatives;

"(ii) new research and extension programs that need to be conducted by the research system; and

"(iii) the effectiveness of the private and public research and extension system; and

"(C) minority views, if timely submitted.

"(2) Not later than February 20 of each year, the Advisory Board shall submit to the President, the Committees on Agriculture and Appropriations of the House of Representatives, and the Committees on Agriculture, Nutrition, and Forestry and Appropriations of the Senate a report containing—

"(A) an appraisal by the Advisory Board of the proposed budget of the President for the food and agricultural sciences for the fiscal year beginning in the year that report is submitted;

"(B) the recommendations of the Secretary contained in the annual report submitted by the Secretary pursuant to section 1410; and

"(C) separate views of members of the Advisory Board, if timely submitted,

"(3) Each report prepared by the Advisory Board shall list the membership of the Advisory Board as of the time the report was prepared, including the organizational and employment affiliation of each member of the Advisory Board.

"(h) REPORT BY SECRETARY.—Not later than February 1 of each year, the Secretary shall submit to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate a report that describes the manner in which the recommendations of the Advisory Board have been incorporated into the budget and programs of the Department of Agriculture.

"(i) SUPPORT.—The Secretary shall provide such support and staffing for the Advisory Board as is necessary for the Advisory Board to carry out its duties under this section.".

SEC. 1305. FEDERAL-STATE PARTNERSHIP AND COORDINATION.

(a) COOPERATIVE HUMAN NUTRITION CENTERS.—Section 1409A of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3124a(b)) is amended—

(1) in subsection (b) by inserting "COOPERATIVE HUMAN NUTRITION CENTERS.—(1)" after "(b)"; and

(2) by adding at the end the following new paragraph:

"(2) In order to promote further human nutrition research and greater utilization of existing facilities, the Secretary shall establish a cooperative food science nutrition research center for the southeast region of the United States at the Pennington Biomedical Research Center of Louisiana State University.".

(b) ANIMAL LEAN CONTENT AND ETHANOL RESEARCH.—Such section is further amended by adding at the end the following new subsections:

"(f) ANIMAL LEAN CONTENT RESEARCH.—The Secretary is encouraged to fund research for the development of technology which will ascertain the lean content of animal carcasses to be used for human consumption.

"(g) ETHANOL RESEARCH.—In order to further carry on and enhance needed ethanol research, the facility of the Agricultural Research Service located at Peoria, Illinois (authorized by section 202 of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1292)), may enter into cooperative agreements, contracts, and the exchange of scientific information with the Department of Energy in the area of ethanol research. Such facility shall hereafter be referred to as the National Agricultural Research Laboratory, Agricultural Research Service, United States Department of Agriculture.".

(c) STYLISTIC AMENDMENTS.—Such section is further amended—

(1) by striking the section heading and all that follows through "SEC. 1409A. (a)" and inserting the following:

"SEC. 1409A. FEDERAL-STATE PARTNERSHIP AND COORDINATION.

"(a) EXISTENCE OF PARTNERSHIP.—";

(2) by inserting "HEALTH AND WELFARE.—" after "(c)";

(3) by inserting "AGRICULTURAL POLICY ALTERNATIVES.—" after "(d)"; and

(4) by inserting "FARM INPUT COSTS AND OTHER MATTERS.—" after "(e)".

SEC. 1306. GRANTS TO ENHANCE RESEARCH CAPACITY IN SCHOOLS OF VETERINARY MEDICINE.

(a) IN GENERAL.—Section 1415 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3151) is amended—

(1) in subsection (a), by striking the first sentence and inserting the following: "The Secretary shall conduct a program of competitive grants to States for the purpose of meeting the costs of renovation and construction, improving compliance with Federal regulations, employing faculty, acquiring equipment, and taking other action related to the improvement of schools of veterinary medicine to ensure agricultural competitiveness on a worldwide basis.";

(2) in subsection (b)(1), by striking ", or has made a reasonable effort to establish,"; and

(3) by amending subsection (b)(2) to read as follows:

"(2) the clinical training of the school to be improved shall emphasize care and preventive medical programs for food animals and companion animals (including horses) which support industries of major economic importance.".

(b) CONFORMING AND CLERICAL AMENDMENTS.—(1) Such section is further amended—

(A) by striking the section heading and "SEC. 1415. (a)" and inserting the following:

"SEC. 1415. GRANTS TO ENHANCE RESEARCH CAPACITY IN SCHOOLS OF VETERINARY MEDICINE.

"(A) COMPETITIVE GRANT PROGRAM.—";

(B) by inserting "PREFERENCE.—" after "(b)"; and

(C) by inserting "APPORTIONMENT AND DISTRIBUTION OF FUNDS.—" after "(c)".

(2) The item in the table of contents of the Food and Agriculture Act of 1977 (Public Law 95-113; 91 Stat. 913) relating to section 1415 is amended to read as follows:

"Sec. 1415. Grants to enhance research capacity in schools of veterinary medicine."

SEC. 1307. GRANTS AND FELLOWSHIPS FOR FOOD AND AGRICULTURAL SCIENCES EDUCATION.

Section 1417 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3152) is amended to read as follows:

"SEC. 1417. GRANTS AND FELLOWSHIPS FOR FOOD AND AGRICULTURAL SCIENCES EDUCATION.

"(a) HIGHER EDUCATION PROGRAMS IN THE FOOD AND AGRICULTURAL SCIENCES.—(1) The Secretary shall promote and strengthen higher education in the food and agricultural sciences by formulating and administering programs to enhance college and

university teaching programs in agriculture, natural resources, forestry, veterinary medicine, home economics, and disciplines closely allied to the food and agricultural system.

"(2) The Secretary may make grants for the purposes described in paragraph (3) to—

"(A) land-grant colleges and universities;

"(B) colleges and universities with significant minority enrollments that have a demonstrable capacity to carry out the teaching of food and agricultural sciences; and

"(C) other colleges and universities that have a demonstrable capacity to carry out the teaching of food and agricultural sciences.

"(3) A grant may be made under this subsection to—

"(A) strengthen institutional capacities to respond to State, national, or international educational needs in the food and agricultural sciences;

"(B) attract and support graduate and undergraduate students and to educate them in the food and agricultural sciences, and to attract needed professionals to provide for their professional improvement in the food and agricultural sciences;

"(C) design and implement innovative food and agricultural educational programs;

"(D) facilitate cooperative agreements between two or more eligible institutions to maximize the use of faculty and facilities to improve their food and agricultural teaching programs;

"(E) conduct graduate and postdoctoral fellowship programs to attract highly promising individuals to research or teaching careers in the food and agricultural sciences; and

"(F) conduct undergraduate scholarship programs to meet national needs for training food and agricultural scientists and professionals.

"(4) A grant made under this subsection may be made—

"(A) for a period not to exceed five years; and

"(B) on a competitive basis or without regard to any requirement for competition.

"(5) A college or university receiving a grant under this subsection is required to have a significant demonstrable commitment to higher education teaching programs in the food and agricultural sciences and to each specific subject area for which the grant is to be used.

"(6) The Secretary may set-aside a portion of funds appropriated for the award of grants under this section and make such amounts available only for grants to eligible colleges and universities that the Secretary determines have unique capabilities for achieving the objective of full representation of minority groups in the food and agricultural sciences workforce in the United States.

"(7) The Secretary may require, as part of any agreement to make a grant under this subsection, that all or part of the grant be targeted to meet the needs identified in section 1402.

"(b) DATA AND INFORMATION SERVICES.—The Secretary shall conduct programs to develop, analyze, and provide to colleges and universities data and information that are essential to the evaluation of the quality of current teaching programs and to facilitate the design of more effective programs comprising the food and agricultural sciences higher education system of the United States.

"(c) SPECIAL EDUCATIONAL INITIATIVES.—(1) The Secretary shall conduct special programs with colleges and universities, and with organizations in the private sector, to support educational initiatives that will enable food and agricultural scientists and professionals to remain abreast of changing technology, the expanding knowledge base, societal issues, and other factors which impact the skills and competencies needed to maintain the expertise base available to the Nation's agricultural system.

"(2) Special programs conducted under this subsection shall include the provision of grants and technical assistance.

"(d) TRANSFER OF FUNDS AND FUNCTIONS.—Funds authorized in section 22 of the Act of June 29, 1935 (7 U.S.C. 329), are transferred to, and shall be administered by, the Secretary of Agriculture. All the functions and duties of the Secretary of Education under such Act which are applicable to the activities and programs for which funds are made available under section 22 of such Act are transferred to the Secretary of Agriculture.

"(e) NATIONAL FOOD AND AGRICULTURAL SCIENCES TEACHING AWARDS.—(1) The Secretary shall establish a program to be known as the National Food and Agricul-

tural Sciences Teaching Awards to recognize and promote the excellence of teachers in the food and agricultural sciences.

"(2) The Secretary shall make at least one cash award in each fiscal year to a nominee selected by the Secretary for excellence in teaching a food and agricultural science at a college or university.

"(3) The Secretary may transfer funds from amounts appropriated for the conduct of any agricultural research, extension, or teaching program to an account established pursuant to this section for the purpose of making such awards. The Secretary may also accept gifts pursuant to the provisions of the Act of October 10, 1978 (7 U.S.C. 2269) for the purpose of making such awards.

"(f) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated for purposes of carrying out this section $50,000,000 for each of the fiscal years 1991 through 1995.

"(g) APPLICABILITY OF OTHER LAWS.—The Federal Advisory Committee Act (5 U.S.C. App. 2) and title XVIII of the Food and Agriculture Act of 1977 (7 U.S.C. 2281 et seq.) shall not apply to a panel or board created for the purpose of reviewing applications and proposals submitted under subsection (a) or (c) or nominations for awards submitted under subsection (e).".

SEC. 1308. GRANTS FOR RESEARCH ON THE PRODUCTION AND MARKETING OF ALCOHOLS AND INDUSTRIAL HYDROCARBONS FROM AGRICULTURAL COMMODITIES AND FOREST PRODUCTS.

(a) GRANTS.—Section 1419 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3154) is amended to read as follows:

"SEC. 1419. GRANTS FOR RESEARCH ON THE PRODUCTION AND MARKETING OF ALCOHOLS AND INDUSTRIAL HYDROCARBONS FROM AGRICULTURAL COMMODITIES AND FOREST PRODUCTS.

"(a) AUTHORITY OF SECRETARY.—The Secretary may award grants under this section to colleges, universities, and Federal laboratories for the purpose of conducting research related to—

"(1) alcohol fuels, including ethanol and methanol or their ethers;

"(2) industrial oilseed crops for diesel fuel and petrochemical substitutes;

"(3) other forms of biomass fuels, including gaseous and solid fuels;

"(4) other industrial hydrocarbons made from agricultural commodities and forest products; and

"(5) the development of the most economical and commercially feasible means of producing, collecting, and transporting agricultural crops, wastes, residues, and byproducts for use as feedstocks for the production of alcohol and other forms of biomass energy and the development of new markets for byproducts.

"(b) SET ASIDE OF FUNDS FOR CERTAIN GRANT PROJECTS.—Of the amounts appropriated in any fiscal year pursuant to the authorization contained in subsection (c), not less than 50 percent of those amounts shall be made available for grants for research relating to the development of technologies for increasing the energy efficiency and commercial feasibility of alcohol production, including—

"(1) processes of cellulose conversion and membrane technology,

"(2) research to improve the quality and value of byproducts to increase digestibility and performance of livestock, poultry, and fish, and

"(3) development of new markets for byproducts.

"(c) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated for the purposes of carrying out this section $20,000,000 for each of the fiscal years 1991 through 1995.".

(b) CLERICAL AMENDMENT.—The item relating to such section in the table of contents of the Food and Agriculture Act of 1977 (Public Law 95-113; 91 Stat. 913) is amended by striking ", and agricultural chemicals and other products from coal derivatives".

SEC. 1309. JOINT CONTRACT FOR ASSESSMENT OF FOOD SCIENCE AND HUMAN NUTRITION RESEARCH.

(a) CONTRACT REQUIRED.—Subtitle D of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3171 et seq.) is amended by inserting after section 1423 the following new section:

"SEC. 1424. JOINT CONTRACT FOR ASSESSMENT OF FOOD SCIENCE AND HUMAN NUTRITION RESEARCH.

"The Secretary of Agriculture and the Secretary of Health and Human Services shall jointly contract with a scientific body to conduct an assessment of—

"(1) progress in food science and human nutrition research;

"(2) the practical importance of such research to economic and societal well-being;

"(3) priorities for future directions in such research;

"(4) the supply of food scientists and nutritionists and the demand for food scientists and nutritionists by Federal agencies, industrial institutions, and colleges, universities, and related institutions; and

"(5) recommendations for the role of all Federal agencies supporting basic and applied food and human nutrition research.".

(b) CLERICAL AMENDMENT.—The table of contents of the Food and Agriculture Act of 1977 (Public Law 95-113; 91 Stat. 913) is amended by inserting after the item relating to section 1423 the following new item:

"Sec. 1424. Joint contract for assessment of food science and human nutrition research.".

SEC. 1310. ANIMAL HEALTH AND DISEASE RESEARCH STUDY AND ANIMAL HEALTH SCIENCE RESEARCH ADVISORY BOARD.

(a) STUDY OF ANIMAL CARE DELIVERY SYSTEM.—Section 1431 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3193) is amended—

(1) by striking the section heading and "SEC. 1431." and inserting the following:

"SEC. 1431. AUTHORIZATION TO THE SECRETARY OF AGRICULTURE.

"(a) Authority to Cooperate With, Encourage, and Assist States.—"; and

(2) by adding at the end the following new subsection:

"(b) STUDY OF ANIMAL CARE DELIVERY SYSTEM.—(1) The Secretary shall commission the National Academy of Sciences, working through the Board on Agriculture of the National Research Council, to conduct a study of the delivery system utilized to provide farmers and ranchers with animal care and veterinary medical services, including animal drugs.

"(2) The study required by this subsection shall assess opportunities to—

"(A) improve the flow of information to producers regarding animal husbandry practices, and diagnostic and treatment methods, including the costs and conditions necessary for the effective use of such practices and methods;

"(B) foster achievement of food safety goals; and

"(C) advance the well-being and treatment of farm animals, with particular emphasis on disease prevention strategies.

"(3) The study required by this subsection shall include recommendations for changes in research and extension policies or priorities, food safety programs and policies, and policies and procedures governing the approval, use, and monitoring of animal drugs.".

(b) CHANGES IN ANIMAL HEALTH SCIENCE RESEARCH ADVISORY BOARD.—Section 1432 of that Act (7 U.S.C. 3194) is amended—

(1) by striking the section heading and "Sec. 1432." and inserting the following:

"SEC. 1432. ANIMAL HEALTH SCIENCE RESEARCH ADVISORY BOARD.

"(a) ESTABLISHMENT AND MEMBERSHIP—";

(2) in subsection (a)—

(A) by striking "1990" in the matter preceding the paragraphs and inserting "1995";

(B) by striking "eleven" in the matter preceding the paragraphs and inserting "12";

(C) by striking "Bureau of" in paragraph (4) and inserting "Center for"; and

(D) in paragraph (5)—

(i) by striking "seven" and inserting "eight";

(ii) by striking "and" at the end of subparagraph (B);

(iii) by redesignating subparagraph (C) as subparagraph (D); and

(iv) by inserting after subparagraph (B) the following new subparagraph:

"(C) one person representing an organization concerned with the general protection and well-being of animals, and"; and

(3) by striking subsection (b) and inserting the following new subsection:

"(b) DUTIES.—The Board shall meet at the call of the Secretary, but at least once annually, to consult with and advise the Secretary with respect to the implementation of any animal health and disease research program provided for under this

title, under such rules and procedures for conducting business as the Secretary may prescribe.".

SEC. 1311. GRANT PROGRAMS FOR 1890 LAND-GRANT COLLEGES, INCLUDING TUSKEGEE UNIVERSITY.

(a) RESIDENT INSTRUCTION.—The National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3101 et seq.) is amended by inserting after section 1445 (7 U.S.C. 3222) the following new section:

"SEC. 1445A. RESIDENT INSTRUCTION AT 1890 LAND-GRANT COLLEGES, INCLUDING TUSKEGEE UNIVERSITY.

"(a) PURPOSE.—It is the purpose of this section to promote and strengthen higher education in the food and agricultural sciences at colleges eligible to receive funds under the Act of August 30, 1890 (7 U.S.C. 321 et seq.), including Tuskegee University (hereinafter in this section referred to as 'eligible institutions') by formulating and administering programs to enhance teaching program in agriculture, natural resources, forestry, veterinary medicine, home economics, and disciplines closely allied to the food and agriculture production and delivery system.

"(b) GRANTS.—The Secretary shall make competitive grants, or grants without regard to any requirement for competition, to those eligible institutions having a demonstrable capacity to carry out the teaching of food and agricultural sciences.

"(c) USE OF GRANT FUNDS.—Grants made under subsection (b) shall be used to—

"(1) strengthen institutional educational capacities, including libraries, curriculum, faculty, scientific instrumentation, instruction delivery systems, and student recruitment and retention, in order to respond to identified State, regional, national, or international educational needs in the food and agricultural sciences;

"(2) attract and support undergraduate and graduate students in order to educate them in identified areas of national need in the food and agricultural sciences;

"(3) facilitate cooperative initiatives between two or more eligible institutions or between eligible institutions and units of State government, or organizations in the private sector, to maximize the development and use of resources such as faculty, facilities, and equipment to improve food and agricultural sciences teaching programs; and

"(4) conduct undergraduate scholarship programs to assist in meeting national needs for training food and agricultural scientists.

"(d) GRANT REQUIREMENTS.—(1) The Secretary shall ensure that each eligible institution, prior to receiving grant funds under subsection (b), shall have a significant demonstrable commitment to higher education programs in the food and agricultural sciences and to each specific subject area for which grant funds under this subsection are to be used.

"(2) The Secretary may require that any grant awarded under this section contain provisions that require funds to be targeted to meet the needs identified in section 1402.

"(e) MINORITY SET-ASIDE.—The Secretary may set aside a portion of the funds appropriated for grants under this section and make such amounts available only for grants to eligible institutions that the Secretary determines have unique capabilities for achieving the objective or full representation of minority groups that are underrepresented in the Nation's food and agricultural sciences work force.

"(f) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated $11,000,000 for each of the fiscal years 1991 through 1995 to carry out this section.".

(b) AGRICULTURAL AND FOOD SCIENCES FACILITIES.—Such Act is further amended by inserting after section 1445A (as added by subsection (a)) the following new section:

"SEC. 1445B. GRANTS TO UPGRADE AGRICULTURAL AND FOOD SCIENCES FACILITIES AT 1890 LAND-GRANT COLLEGES, INCLUDING TUSKEGEE UNIVERSITY.

"(a) PURPOSE.—It is hereby declared to be the intent of Congress to assist the institutions eligible to receive funds under the Act of August 30, 1890, including Tuskegee University (hereafter referred to in this section as 'eligible institutions') in the acquisition and improvement of agricultural and food sciences facilities and equipment, including libraries, so that the eligible institutions may participate fully in the production of human capital.

"(b) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to the Secretary of Agriculture for the purposes of carrying out the provisions of this section $8,000,000 for each of the fiscal years 1991 through 1995, and such sums shall remain available until expended.

"(c) USE OF GRANT FUNDS.—Four percent of the sums appropriated pursuant to this section shall be available to the Secretary for administration of this grants program. The remaining funds shall be available for grants to eligible institutions for the purpose of assisting them in the purchase of equipment and land, the planning, construction, alteration, or renovation of buildings to strengthen their capacity in the production of human capital in the food and agricultural sciences and can be used at the discretion of the eligible institutions in the areas of research, extension, and resident instruction or any combination thereof.

"(d) METHOD OF AWARDING GRANTS.—Grants awarded pursuant to this section shall be made in such amounts and under such terms and conditions as the Secretary shall determine necessary for carrying out the purposes of this section.

"(e) PROHIBITION OF CERTAIN USES.—Federal funds provided under this section may not be utilized for the payment of any overhead costs of the eligible institutions.

"(f) REGULATIONS.—The Secretary may promulgate such rules and regulations as the Secretary may consider necessary to carry out the provisions of this section.".

(c) NATIONAL RESEARCH AND TRAINING CENTENNIAL CENTERS.—Such Act is further amended by inserting after section 1445B (as added by subsection (b)) the following new section:

"SEC. 1445C. NATIONAL RESEARCH AND TRAINING CENTENNIAL CENTERS.

"(a) COMPETITIVE GRANTS AUTHORIZED.—The Secretary of Agriculture may make a competitive grant to five national research and training centennial centers located at colleges (or a consortia of such colleges) eligible to receive funds under the Act of August 30, 1890 (7 U.S.C. 321 et seq.), including Tuskegee University, that—

"(1) have been designated by the Secretary for the fiscal years 1991 through 1995 as national research and training centennial centers; and

"(2) have the best demonstrable capacity, as determined by the Secretary, to provide administrative leadership as—

"(A) a National Center for Goat Research and Training;

"(B) a National Center for Agricultural Engineering Development, Research, and Training;

"(C) a National Center for Water Quality and Agricultural Production Research and Training;

"(D) a National Center for Sustainable Agriculture Research and Training; and

"(E) a National Center for Domestic and International Trade and Development Research and Training.

"(b) USE OF GRANTS.—A grant made under subsection (a) may be expended by a center to—

"(1) pay expenses incurred in conducting research for which the center was designated;

"(2) print and disseminate the results of such research;

"(3) plan, administer, and direct such research; and

"(4) alter or repair buildings necessary to conduct such research.

"(c) PRIORITY.—In making a grant determination under subsection (a), the Secretary shall give priority to those centers that—

"(1) will assure dissemination of information between eligible institutions described in subsection (a) and among agricultural producers; and

"(2) will attract students and needed professionals in the food and agricultural sciences.

"(d) PAYMENTS.—(1) Under the terms of a grant made under subsection (a), funds appropriated under subsection (f) for a fiscal year shall be paid (upon vouchers approved by the Secretary) to a center receiving the grant in equal quarterly installments beginning on or about the first day of October of such year.

"(2) Not later than 60 days after the end of each fiscal year for which funds are paid under this section to a center, the research director of such center shall submit to the Secretary a detailed statement of the disbursements in such fiscal year of funds received by such center under this section.

"(3) If any of the funds received by a center under this section are misapplied, lost, or diminished by any action or contingency on the part of the center—

"(A) the center shall replace such funds; and

"(B) the Secretary shall not distribute to such center any other funds under this subsection until such funds are replaced.

"(e) APPLICATION OF OTHER LAWS.—Section 1445(e) of this title shall apply with regard to research and experiments funded under this section.

"(f) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated $2,000,000 for each of the fiscal years 1991 through 1995 for grants under this section.

"(g) CENTER DEFINED.—For purposes of this section, the term 'center' means a national research and training centennial center that receives a grant under this subsection.

"(h) COORDINATION OF CENTER ACTIVITIES.—(1) The center designated under subsection (a)(2)(C) shall coordinate its activities with the water quality research activities conducted under subtitle I of title XIII of the Food and Agricultural Resources Act of 1990.

"(2) The center designated under subsection (a)(2)(D) shall coordinate its activities with the sustainable agriculture research and education program established under subtitle B of title XIII of the Food and Agricultural Resources Act of 1990.".

(d) CLERICAL AMENDMENT.—The table of contents of the Food and Agriculture Act of 1977 (Public Law 95-113; 91 Stat. 913) is amended by inserting after the item relating to section 1445 the following new items:

"Sec. 1445A. Resident instruction at 1890 land-grant colleges, including Tuskegee University.
"Sec. 1445B. Grants to upgrade agricultural and food sciences facilities at 1890 land-grant colleges, including Tuskegee University.
"Sec. 1445C. National research and training centennial centers.".

SEC. 1312. INTERNATIONAL AGRICULTURAL RESEARCH AND EXTENSION AND INTERNATIONAL TRADE DEVELOPMENT CENTERS.

(a) RESEARCH AND EXTENSION.—Section 1458 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3291(a)) is amended—

(1) in subsection (a)—

(A) by inserting "AUTHORITY OF THE SECRETARY.—" after "(a)";

(B) by striking "assist" in paragraph (2) and inserting "expand collaboration and coordination with";

(C) by striking "with food, agricultural, research and extension" and inserting "regarding food and agricultural research, extension, and education";

(D) by striking "through" in paragraph (4) and all that follows in that paragraph through "; and" and inserting "through—

"(A) the development of highly qualified scientists with specialization in international development;

"(B) the provision of support to State universities and land-grant colleges to do collaborative research with other countries on issues relevant to United States agricultural competitiveness;

"(C) the provision of support for cooperative extension education in agriculture and to promote the application of new technology developed abroad to United States agriculture; and

"(D) the provision of support for the internationalization of resident instruction programs of State universities and land-grant colleges;";

(E) by striking the period at the end of paragraph (5) and inserting a semicolon; and

(F) by adding at the end the following new paragraphs:

"(6) establish in coordination with the International Arid Land Consortium, a program to enhance collaboration and cooperation between institutions possessing research capabilities applied to the development, management, and reclamation of arid lands; and

"(7) cooperate with nongovernmental organizations, both domestic and foreign, for the purpose of expanding the agricultural economic base of middle income and developing countries.";

(2) in subsection (c)—

(A) by inserting "PROVISION OF SPECIALIZED OR TECHNICAL SERVICES.—" after "(c)"; and

(B) by inserting after "universities" in the first sentence the following: "and other nongovernmental organizations, both domestic and foreign,"; and

(3) by adding at the end the following new subsection:

"(d) LIMITATION ON ACTIVITIES.—No activities under this section may promote the production for export of agricultural commodities (or the products thereof) that will compete, as determined by the Secretary, in world markets with similar agricultural commodities (or the products thereof) produced in the United States, where such competition will cause substantial injury to United States producers.".

(b) INTERNATIONAL TRADE DEVELOPMENT CENTERS.—Section 1458A of that Act (7 U.S.C. 3292) is amended—

(1) in subsection (a)—

(A) by inserting "GRANT PROGRAM.—" after "(a)";

(B) by striking "grants to States" in the first sentence and inserting "grants to States (or regional groupings of States)";

(C) by striking "State funding" in the second sentence and inserting "State or regional funding"; and

(D) by striking "State from" in the second sentence and inserting "State or region from";

(2) by redesignating subsections (b), (c), and (d) as subsections (c), (d), and (e), respectively;

(3) by inserting after subsection (a) the following new subsection:

"(b) LOCATION AND FUNDING OF CERTAIN CENTERS.—The Secretary shall make determinations regarding the location and funding of international trade development centers established after the date of the enactment of this subsection based on a national plan for agricultural export promotion through international trade development centers. Grants under this section shall be made available on a competitive basis in accordance with such plan."; and

(4) in subsection (c) (as redesignated by paragraph (2))—

(A) by inserting "PREFERENCES.—" after "(c)";

(B) by inserting after "shall" in the matter preceding the paragraphs the following: ", consistent with the plan developed under subsection (b),"; and

(C) by striking "States" and inserting "States (or regional groupings of States)".

(c) STYLISTIC AMENDMENTS.—(1) Section 1458 of that Act (7 U.S.C. 3291) (as amended by subsection (a)) is further amended—

(A) by striking "Sec. 1458." and inserting the following:

"SEC. 1458. INTERNATIONAL AGRICULTURAL RESEARCH AND EXTENSION.";

and

(B) by inserting "ENHANCING LINKAGES.—" after "(b)".

(2) Section 1458A of that Act (7 U.S.C. 3292) (as amended by subsection (b)) is further amended—

(A) by striking the section heading and "Sec. 1458A." and inserting the following:

"SEC. 1458A. GRANTS TO STATES FOR INTERNATIONAL TRADE DEVELOPMENT CENTERS.";

(B) by inserting "ACTIVITIES OF CENTERS.—" after "(d)"; and

(C) by inserting "AUTHORIZATION OF APPROPRIATIONS.—" after "(e)".

SEC. 1313. REAUTHORIZATION OF EXTENSION EDUCATION AND PILOT PROJECT TO COORDINATE FOOD AND NUTRITION EDUCATION PROGRAMS.

(a) IN GENERAL.—Section 1464 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3312) is amended—

(1) by striking the section heading and "SEC. 1464." and inserting the following:

"SEC. 1464. AUTHORIZATION FOR APPROPRIATIONS FOR EXTENSION EDUCATION AND THE ESTABLISHMENT OF A PILOT PROJECT TO COORDINATE FOOD AND NUTRITION EDUCATION PROGRAMS.

"(a) AUTHORIZATION FOR APPROPRIATIONS.—";

(2) by striking "$370,000,000" and all that follows through "1990." and inserting "$420,000,000 for each of the fiscal years 1991 through 1995."; and

(3) by adding at the end the following:

"(b) PILOT PROJECT.—The Secretary shall establish a five-year pilot project to make available grants to not more than two States, on a competitive basis, for the purpose of implementing in such States, a plan that—

"(1) provides for the full coordination of the conceptual design and program delivery of food and nutrition education programs for potential participants within the State; and

"(2) provides to the greatest extent possible for the coordination of such food and nutrition education programs with related State programs.

"(c) ELEMENTS OF THE PROJECT.—In carrying out subsection (b), the Secretary shall—

"(1) provide for enhanced intraagency and interagency coordination in the design and delivery of food and nutrition education programs;

"(2) develop more efficient methods, and improved agency organization, to inform the public and persons eligible for food and nutrition programs about

such education programs (including those education programs regarding nutrition and management of family resources for better nutrition and health) and nutrition education programs available at the Federal, State, and local level; and

"(3) provide for an evaluation of the degree to which stated program coordination objectives are being attained, the impact on actual behavioral change of program participants, and the implication of the program outcomes for future public health, budget expenditures, and the general public welfare.

"(d) DEFINITIONS.—For the purpose of subsections (b) and (c):

"(1) The term 'coordination' means the development and implementation of a consistent and coherent program of nutrition education regarding the receipt and increased beneficial use of the resources made available to persons for food and nutrition programs and, to the extent possible, related State and local food and nutrition programs.

"(2) The term 'food and nutrition education programs' includes any educational programs or components of the food stamp program, the expanded food and nutrition education program, and such other programs administered by the Department of Agriculture as the Secretary determines necessary to effectively implement the programs required under subsection (b).

"(e) FUNDING.—The Secretary shall make available one-half of one percent of the funds appropriated under this section for each of the fiscal years 1991 through 1995 for the purpose of implementing the pilot project established under subsection (b).".

(b) CLERICAL AMENDMENT.—The item relating to such section in the table of contents of the Food and Agriculture Act of 1977 (Public Law 95-113; 91 Stat. 913) is amended to read as follows:

"Sec. 1464. Authorization for appropriations for extension education and the establishment of a pilot project to coordinate food and nutrition education programs.".

SEC. 1314. AQUACULTURE ASSISTANCE PROGRAMS.

(a) FOOD SAFETY; CLOSED-SYSTEM PRODUCTION; AND REPORTS.—Section 1475 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3322) is amended—

(1) in subsection (a)

(A) by inserting "RESEARCH AND EXTENSION PROGRAM.—" after "(a)"; and

(B) by striking "United States," and inserting "United States and to enhance further the safety of food products derived from the aquaculture industry,";

(2) in subsection (b)—

(A) by inserting "GRANTS.—" after "(b)"; and

(B) by striking the period at the end of the first sentence and inserting "and to enhance further the safety and wholesomeness of those species and products, including the development of reliable supplies of seed stock and therapeutic compounds.";

(3) in subsection (c), by inserting "AQUACULTURE DEVELOPMENT PLANS.—" after "(c)";

(4) in subsection (d)—

(A) by inserting "AQUACULTURAL CENTERS.—" after "(d)";

(B) by striking "four aquacultural research, development, and demonstration centers" in the first sentence and inserting "six aquacultural research, development, and demonstration centers";

(C) by inserting after the first sentence the following new sentence: "Research at one of the centers established under this subsection shall be devoted primarily to the development of closed-system production of fish and seafood."; and

(D) by adding at the end the following new sentence: "To the extent practicable, the Secretary shall ensure that equitable efforts are made at these centers in addressing the research needs of those segments of the domestic aquaculture industry located within that region.";

(5) in subsection (e)—

(A) by striking "Not later" and all that follows through "subsequent year," and inserting "Reports.—(1) Not later than March 1 of each year,"; and

(B) by adding at the end the following new paragraph:

"(2) The Secretary shall conduct a study to assess the economic impact of animal damage to the United States aquaculture industry. In conducting such study, the Secretary shall provide for the consideration of all types of animal damage, including predation, that have an impact on aquaculture enterprises, including fish farming. The Secretary shall submit a report detailing the results of such study to the

Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate not later than January 1, 1992."; and

(6) by adding at the end the following new subsection:

"(f) LISTING OF LAWS ON AQUACULTURE.—The Secretary shall, in consultation with appropriate Federal and State agencies, compile a listing of Federal and State laws, rules, and regulations materially affecting the production, processing, marketing, and transportation of aquaculturally produced commodities and the products thereof. The Secretary shall make such listing available to the public not later than January 1, 1992, and shall update and revise such listing not later than January 1, 1996, to show such laws, rules, and regulations as in effect on that date.".

(b) AQUACULTURE RESEARCH FACILITY.—(1) Subtitle L of that Act (7 U.S.C. 3321 et seq.) is amended by inserting after section 1475 the following new section:

"SEC. 1476. AQUACULTURE RESEARCH FACILITY.

"(a) GRANT AUTHORIZED.—In order to gain further knowledge of intensive water recirculating aquaculture systems, the Secretary may make a grant for the purpose of further developing and expanding an aquaculture research facility located at Illinois State University in Normal, Illinois, and to conduct such programs as are necessary to do basic and applied research for intensive water recirculating aquaculture systems.

"(b) AUTHORIZATION OF APPROPRIATIONS.—There are authorized, in the event the Secretary decides to take action under subsection (a), to be appropriated $480,000 for fiscal years 1991 through 1995 to carry out this section.".

(2) The table of contents of the Food and Agriculture Act of 1977 (Public Law 95-113; 91 Stat. 913) is amended by inserting after the item relating to section 1475 the following new item:

"Sec. 1476. Aquaculture research facility.".

(c) PROGRAM EXTENSION.—Section 1477 of that Act (7 U.S.C. 3324) is amended by striking "each fiscal year" and all that follows through "1990." and inserting "each of the fiscal years 1991 through 1995.".

(d) APPROPRIATIONS FOR AQUACULTURE.—To authorize appropriations to carry out the National Aquaculture Act of 1980 for fiscal years 1991, 1992, and 1993, paragraphs (1), (2), and (3) of section 10 of the National Aquaculture Act of 1980 (16 U.S.C. 2809 (1), (2), and (3)) are amended to read as follows:

"(1) to the Department of Agriculture, $1,000,000 for each of fiscal years 1991, 1992, and 1993;

"(2) to the Department of Commerce, $1,000,000 for each of fiscal years 1991, 1992, and 1993;

"(3) to the Department of Interior, $1,000,000 for each of fiscal years 1991, 1992, and 1993.".

SEC. 1315. PROGRAM OF COMPETITIVE, SPECIAL, AND FACILITIES GRANTS FOR AGRICULTURAL RESEARCH.

(a) COMPETITIVE GRANTS.—Subsection (b) of section 2 of the Act of August 4, 1965 (7 U.S.C. 450i) is amended—

(1) by inserting "COMPETITIVE GRANTS.—(1)" after "(b)";

(2) in the first sentence, by striking ", for periods not to exceed five years,";

(3) by striking the second, third, seventh, and eighth sentences;

(4) in the fourth sentence, by striking "In seeking" and inserting the following:

"(7) In seeking";

(5) in the fifth sentence, by striking "No grant" and inserting the following: "(8) Except for grants made under paragraph (3)(E), no grant";

(6) by aligning the text of paragraphs (7) and (8) to be flush with the left margin;

(7) by inserting after paragraph (1) the following new paragraphs:

"(2) The Secretary shall allocate grants made under this subsection to high priority research taking into account the recommendations made by the advisory board established under paragraph (5). For the purposes of this subsection, the term 'high priority research' means basic and applied research in the following areas:

"(A) Plant systems, including research regarding plant genome structure and function; molecular and cellular genetics and plant and microbial biotechnology; plant-pest interactions and biocontrol systems; cover cropping, crop rotation, soil building techniques, crop varietal development, crop diversification, and integrated crop and livestock systems; crop plant response to environmental stresses; improved nutrient qualities of plant products; new food, feed, fiber,

and industrial uses of plant products; and development of new crops, best management practices, integrated crop management, and other cropping systems.

"(B) Animal systems, including research regarding cellular, molecular, physiological, and behavioral basis of animal reproduction, growth, disease, and health; identification of genes responsible for improved production traits and resistance to disease, improved nutritional performance of animals; improved nutrient qualities and safety of animal products and development of new animal products; enhanced animal production practices and technologies; animal husbandry and well-being; and animal systems applicable to aquaculture.

"(C) Nutrition, food quality, and health and welfare, including research regarding microbial contaminants and toxic contaminants and residues related to human health; production and processing facilities and systems to address the health and safety of food and farm workers and livestock; the production of nutritional feedstuffs; links between diet and health, including the nutritional status of the population, especially critical subpopulations; nutrition education; rural family welfare; bioavailability of nutrients; postharvest physiology and practices; and improved processing technologies.

"(D) Natural resources and the environment, including research regarding fundamental structures and functions of ecosystems; biological and physical bases of integrated production systems; minimizing soil losses and degradation, maintaining surface and ground water quality, and maximizing water availability through conservation; soil tilth development, management systems to utilize scarce soil moisture, drought tolerant plant development, evaporation reduction systems, and crop practices to foster soil water absorption and retention; forest and range management and productivity; and weather and climatic effects on agriculture.

"(E) Engineering, products, and processes, including research regarding new uses and new products from crops, animals, byproducts, waste products and natural resources; robotics, computing, and expert systems; energy efficiency, conservation, and the development of alternative, renewable energy sources; new hazard and risk assessment and mitigation measures; and natural resource and environmental quality and management.

"(F) Markets, trade, and agricultural policy, including research regarding optimal strategies for entering and competing in domestic and overseas markets; new decision tools for on-farm and in-market systems; choices and applications of technology; new approaches to economic development and viability in the rural United States, with emphasis on family farming operations; the development of domestic and international markets for resource-conserving and organic crops; international cooperation in agricultural research, extension, and teaching; and agricultural and nutritional improvements in developing nations.

"(3) Grants under this subsection shall be awarded in a variety of types, including the following:

"(A) Single and coinvestigator grants for a single investigator, or coinvestigators, for up to five years with the possibility of one renewal after that period.

"(B) Interdisciplinary team grants for interdisciplinary teams for up to five years with the possibility of one renewal after that period.

"(C) Systems research grants for research teams, including extension staff and producers where appropriate, examining integrated systems approaches to research for up to seven years, with the possibility of renewal for up to three years.

"(D) New investigator grants for newly trained researchers, shall be made under the guidelines of paragraphs (1), (2), and (3), except that principal investigators shall be enrolled in a relevant degree program or have completed research training less than five years before the time of the grant application.

"(E) Equipment grants to obtain scientific equipment for research groups or institutions, where funds are not available by other means, which is necessary to the conduct of needed research.

"(F) Institution development grants to assist smaller research institutions in developing their capacity for research and education related to the relevant priority areas, for up to five years with the expectation that the institution will find alternative funding after that period.

"(4) The Secretary shall appoint a director for the grant program authorized by this subsection. The Secretary, acting through the director, shall be responsible for the overall direction of the grant program and implementation of general policies respecting the management and operation of programs and activities in the program.

"(5) The Secretary shall appoint a board to provide advice on the policies, priorities, and operations of the grant program carried out under this subsection. The advisory board shall be composed of 9 individuals appointed as follows:

"(A) Two-thirds of the members shall be appointed from among the leading representatives of the scientific disciplines relevant to the food and agricultural sciences, including agricultural sciences, biological sciences, environmental sciences, natural resource sciences, health sciences, and nutritional sciences.

"(B) One-third of the members shall be appointed from the general public and shall include leaders in fields of public policy, agricultural policy, international agriculture, and agricultural production, processing, or marketing.

"(6) The Secretary shall transmit to Congress an annual report describing the policies, priorities, and operations of the grant program authorized by this subsection during the preceding fiscal year. The report shall—

"(A) be prepared by the board established under paragraph (5);

"(B) include a description of the progress being made to comply with subsection (j); and

"(C) be transmitted not later than January 1 of each year."; and

(8) by adding at the end the following new paragraph:

"(9) There are authorized to be appropriated to carry out this subsection $500,000,000 for each of the fiscal years 1991 through 1995. Of the amounts appropriated to carry out this subsection for a fiscal year—

"(A) not more than two percent may be used to make equipment grants under paragraph (3)(E); and

"(B) not more than four percent may be used by the Secretary to pay administrative costs incurred by the Secretary to carry out this subsection.".

(b) SPECIAL GRANTS.—Subsection (c) of section 2 of the Act of August 4, 1965 (7 U.S.C. 450i) is amended—

(1) by inserting "SPECIAL GRANTS.—" after "(c)"; and

(2) in paragraph (1), by striking "to land-grant colleges" and all that follows through "by the Secretary" and inserting the following: "to State agricultural experiment stations, all colleges and universities, other research institutions and organizations, Federal agencies, private organizations or corporations, and individuals".

(c) ADMINISTRATIVE PROVISIONS.—Section 2 of the Act of August 4, 1965 (7 U.S.C. 450i) is amended by adding at the end the following new subsections:

"(j) EMPHASIS ON SUSTAINABLE AGRICULTURE.—The Secretary of Agriculture shall ensure that grants made under subsections (b) and (c) are, where appropriate, consistent with the development of systems of sustainable agriculture. For purposes of this section, the term 'sustainable agriculture' has the meaning given that term in section 1404(17) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3103(17)).

"(k) REPORTS.—The Secretary of Agriculture shall prepare and submit to Congress on January 1 of each year a report on awards made under subsections (b) and (c) during the previous fiscal year.".

(d) STYLISTIC AMENDMENTS.—Such section is further amended—

(1) by striking "SEC. 2. (a)" and inserting the following:

"SEC. 2. COMPETITIVE, SPECIAL, AND FACILITIES RESEARCH GRANTS.

"(a) ESTABLISHMENT OF GRANT PROGRAM.—";

(2) in subsection (d), by inserting "FACILITIES GRANTS.—" after "(d)";

(3) in subsection (e), by inserting "RECORD KEEPING.—" after "(e)";

(4) in subsection (f), by inserting "LIMITS ON OVERHEAD COSTS.—" after "(f)";

(5) in subsection (g), by inserting "AUTHORIZATION OF APPROPRIATIONS.—" after "(g)";

(6) in subsection (h), by inserting "RULES.—" after "(h)"; and

(7) in subsection (i), by inserting "APPLICATION OF OTHER LAWS.—" after "(i)".

SEC. 1316. MINIMIZATION OF CONFLICTS OF INTEREST OF EMPLOYEES OF COLLEGES RECEIVING FUNDS UNDER THE SMITH-LEVER ACT.

Section 4 of the Act of May 8, 1914 (commonly known as the Smith-Lever Act) (7 U.S.C. 344), is amended by inserting after the second sentence the following: "The Secretary shall ensure that each college seeking to receive funds under this Act has in place appropriate requirements, as determined by the Secretary, to minimize actual or potential conflicts of interest among employees of such college whose salaries are funded in whole or in part with such funds.".

SEC. 1317. GRANTS FOR FINANCIALLY STRESSED FARMERS, DISLOCATED FARMERS, AND RURAL FAMILIES.

(a) EXTENSION OF GRANT PROGRAM.—Section 502(f)(2) of the Rural Development Act of 1972 (7 U.S.C. 2662(f)(2)) is amended—

(1) by striking "1990" and inserting "1995"; and

(2) by inserting after "under paragraph (1)" the following: "to eligible applicants in any State applying for such grants".

(b) CHANGES TO GRANT PROGRAM.—Section 502(f)(1) of that Act (7 U.S.C. (f)(1)) is amended—

(1) in subparagraph (A), by striking "special grants" and all that follows through "counseling" and inserting the following: "competitive grants for programs that meet the criteria specified in subparagraph (B) to develop counseling, retraining, and educational";

(2) by redesignating subparagraphs (C) and (D) as (E) and (F), respectively;

(3) in subparagraph (B)—

(A) by striking the subparagraph heading, the matter preceding the clauses, and clause (i); and

(B) by redesignating clauses (ii) through (viii) as clauses (i) through (vii) of subparagraph (D);

(4) by inserting after subparagraph (A) the following new subparagraphs:

"(B) GRANT CRITERIA.—In order to be eligible to receive a grant under this subsection, an applicant must provide suitable assurances that—

"(i) not less than one-half of the grant funds to the applicant will be used for clinical outreach counseling and crisis management assistance, as required by subparagraph (C);

"(ii) a significant number of farms within the State have a ratio of debts to assets of 40 percent or more, the State's rural economy has been facing adverse economic conditions for a period of years, or such other conditions exist, as determined by the Secretary, such that the assistance provided under this subsection is necessary or appropriate;

"(iii) the planning and implementation of the provision of services under this subsection will be coordinated with the appropriate State agency for mental health, department of health, office of rural health, and any other State agency or department responsible for assisting persons in rural areas of the State; and

"(iv) the planning and implementation of the provision of services under this subsection will be coordinated with the appropriate local governments and other public and private nonprofit agencies and organizations located in rural areas and involved in addressing problems related to the mental health of rural residents.

"(C) COUNSELING AND OUTREACH REQUIRED.—Not less than 50 percent of the grant funds to a State under this subsection shall be used to provide clinical outreach counseling and crisis management assistance through appropriate State officials.

"(D) OTHER SERVICES TO BE PROVIDED.—In addition to the counseling and outreach services required under subparagraph (C), the following services may also be provided through programs funded under this section:";

(5) by adding at the end of subparagraph (D) (as added by paragraph (4)) the following new clause:

"(viii) Assistance for local officials and groups in developing income and employment alternatives."; and

(6) in subparagraph (F) (as redesignated by paragraph (2))—

(A) by striking "is encouraged to work with" and inserting "shall work with the appropriate State office of rural health, State department or agency of mental health, and other";

(B) by striking "a comprehensive plan" and inserting "an annual comprehensive plan";

(C) by striking "special"; and

(D) by adding at the end the following: "For recipients in a State to be eligible for a grant under this subsection in any fiscal year, the Cooperative Extension Service within the State must develop and sign a Memorandum of Agreement with the appropriate State department or agency of mental health and other State agencies as may be appropriate to carry out the comprehensive plan. Such agreement and plan must emphasize the development and delivery of counseling and outreach programs as provided under subparagraph (B).".

(c) CONFORMING AMENDMENTS.—(1) Such section is further amended by striking "(f) Special" and inserting "(f) Competitive".

(2) Section 503(c) of that Act (7 U.S.C. 2663(c)) is amended—

(A) by inserting "ADDITIONAL DISTRIBUTIONS.—(1)" after "(c)";

(B) by striking "and section 502(f)" both places it appears; and

(C) by adding at the end the following new paragraph:

"(2) Such sums as are appropriated to carry out the provisions of section 502(f) of this title shall be distributed by the Secretary to colleges and universities in accordance with the requirements of such subsection.".

(d) EFFECT OF AMENDMENTS ON CURRENT GRANT RECIPIENTS.—The eight States receiving grants under section 502(f) of the Rural Development Act of 1972 (7 U.S.C. 2662(f)) during fiscal year 1990 shall continue to be eligible to receive grants (in an amount not to exceed the amount received during that fiscal year) under that section notwithstanding the requirement that such grants be awarded competitively, so long as such States comply with the requirement that not less than one-half of such grant amount shall be used for clinical outreach counseling and crisis management assistance.

Subtitle B—Sustainable Agriculture Research and Education Program

SEC. 1321. PURPOSE AND DEFINITIONS.

(a) PURPOSE.—It is the purpose of this subtitle to encourage research designed to increase our knowledge concerning agricultural production systems that—

(1) maintain and enhance the quality and productivity of the soil;

(2) conserve soil, water, energy, natural resources, and fish and wildlife habitat;

(3) maintain and enhance the quality of surface and ground water;

(4) protect the health and safety of persons involved in the food and farm system;

(5) promote the well being of animals; and

(6) increase employment opportunities in agriculture.

(b) DEFINITIONS.—For purposes of this subtitle:

(1) The term "sustainable agriculture" shall have the same meaning given to that term by section 1404(17) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3103(17)).

(2) The term "integrated crop management" means an agricultural management system that integrates all controllable agricultural production factors for long-term sustained productivity, profitability, and ecological soundness.

(3) The term "integrated resource management" means livestock management which utilizes an interdisciplinary systems approach which integrates all controllable agricultural production practices to provide long-term sustained productivity and profitable production of safe and wholesome food in an environmentally sound manner.

(4) The term "extension" shall have the same meaning given to that term by section 1404(7) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3103(7)).

(5) The term "Secretary" means the Secretary of Agriculture.

(6) The term "Advisory Council" means the National Sustainable Agriculture Advisory Council established under section 1323(c).

(7) The term "State" means each of the 50 States, the District of Columbia, the Commonwealth of Puerto Rico, Guam, the Virgin Islands of the United States, American Samoa, the Commonwealth of the Northern Marianas Islands, the Trust Territory of the Pacific Islands, or federally recognized Indian tribes.

(8) The term "State agricultural experiment stations" shall have the same meaning given to that term by section 1404(13) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3103(13)).

SEC. 1322. RESEARCH AND EXTENSION PROJECTS.

(a) RESEARCH AND EXTENSION PROGRAM REQUIRED.—The Secretary shall conduct research and extension projects on sustainable farm management systems to obtain data, develop conclusions, demonstrate technologies, and conduct education programs that promote the purpose of this subtitle, including research and extension projects that facilitate and increase scientific investigations and education in order to—

(1) develop and improve sustainable farm management systems which minimize health and environmental risks associated with pesticides and nitrates;

(2) improve sustainable farm management systems that enhance agricultural productivity, profitability, and competitiveness;

(3) develop effective crop, livestock, and enterprise diversification systems; and

(4) develop sustainable agroforestry systems on semiarid lands which minimize topsoil loss, maintain water quality, expand farm income opportunities, and enhance farm productivity and profitability.

(b) METHOD OF CONDUCTING PROGRAM.—The Secretary shall conduct the research and extension projects referred to in subsection (a) by—

(1) studying, to the maximum extent practicable, agricultural production systems that are located in areas that possess various soil, climate, and physical characteristics;

(2) studying farms that have been, and will continue to be managed using farm production practices that rely on sustainable production systems and other conservation practices;

(3) studying farms that are newly adopting sustainable farm production practices;

(4) taking advantage of the experience and expertise of farmers and ranchers through on-farm research and demonstration and through their direct participation and leadership in projects; and

(5) transferring practical, reliable, and timely information to farmers and ranchers concerning practices and systems of sustainable agriculture, including data on economic viability and transition costs.

(c) AGREEMENTS.—The Secretary shall carry out this section through agreements entered into with land-grant colleges or universities, other universities, State agricultural experiment stations, the State cooperative extension services, nonprofit organizations with demonstrable expertise, or Federal or State governmental entities.

(d) SELECTION OF PROJECTS.—(1) The Secretary shall select research and extension projects under this section after consideration of—

(A) the recommendations of the Advisory Council;

(B) the relevance of the project to the purpose of this subtitle;

(C) the appropriateness of the design of the project;

(D) the likelihood of attaining the objectives of the project; and

(E) the national or regional applicability of the findings and outcomes of the proposed project.

(2) The Secretary shall give priority to projects that—

(A) are recommended by the Advisory Council;

(B) closely coordinate research and extension activities;

(C) indicate how the findings of the project will be made readily usable by farmers;

(D) maximize the involvement and cooperation of farmers, including projects involving on-farm research and demonstration;

(E) involve a multidisciplinary systems approach; and

(F) involve cooperation between farms, nonprofit organizations with demonstrable expertise, colleges and universities, and government agencies.

(e) DIVERSIFICATION OF RESEARCH.—The Secretary shall conduct projects and studies under this section in areas that are broadly representative of the diversity of United States agricultural production, including production on family farms, mixed-crop livestock farms and dairy operations.

(f) PROJECT DURATION.—(1) The Secretary may approve projects conducted under this subtitle that have a duration of more than one fiscal year.

(2) In the case of a research project conducted under this section that involves the planting of a sequence of crops or crop rotations, the Secretary shall approve such project for a term that is appropriate to the sequence or rotation being studied.

(g) PUBLIC ACCESS.—The Secretary shall ensure that research projects are open for public observation at specified times.

(h) INDEMNIFICATION.—(1) Subject to paragraph (2), the Secretary may indemnify the operator of a project conducted under this section for damage incurred or undue losses sustained as a result of a rigid requirement of research or demonstration under such project that is not experienced in normal farming operations.

(2) An indemnity payment under paragraph (1) shall be subject to any agreement between a project grantee and operator entered into prior to the initiation of such project.

SEC. 1323. PROGRAM ADMINISTRATION.

(a) DUTIES OF THE SECRETARY.—The Secretary shall—

(1) administer the programs and projects under sections 1322 and 1324 through the Cooperative State Research Service in close cooperation with the Extension Service, the Agricultural Research Service, and other appropriate agencies;

(2) establish an Advisory Council in accordance with subsection (c);

(3) establish a minimum of four Regional Administrative Councils in accordance with subsection (d); and

(4) in conjunction with such Regional Administrative Councils, identify regional host institutions required to carry out the provisions of such programs or projects.

(b) REPORTS.—The Secretary shall, not later than April 1, 1991, and each April 1 thereafter, prepare and submit, to the Committee on Agriculture of the House of Representatives, the Committee on Agriculture, Nutrition, and Forestry of the Senate, and the Advisory Council—

(1) a report describing the results of the programs carried out under sections 1322, 1324, and 1325; and

(2) a report describing the progress of projects conducted under this subtitle, including—

(A) a summary and analysis of data collected under such projects;

(B) recommendations based on such data for new basic or applied research;

(C) the number, length, and type of projects proposed, funded and carried out, by region; and

(D) the national and regional economic, social, and environmental implications of the adoption of practices developed under this subtitle and section 1346.

(c) NATIONAL SUSTAINABLE AGRICULTURE ADVISORY COUNCIL.—(1) The membership of the National Sustainable Agriculture Advisory Council shall include representatives of—

(A) the Agricultural Research Service;
(B) the Cooperative State Research Service;
(C) the Soil Conservation Service;
(D) the Extension Service;
(E) State cooperative extension services;
(F) State agricultural experiment stations;
(G) the Economic Research Service;
(H) the National Agricultural Library;
(I) the Environmental Protection Agency;
(J) the Board on Agriculture of the National Academy of Sciences;
(K) private nonprofit organizations with demonstrable expertise;
(L) farmers utilizing systems and practices of sustainable agriculture;
(M) the United States Geological Survey;
(N) agribusiness; and
(O) other specialists in agricultural research or technology transfer, including individuals from colleges eligible to receive funds under the Act of August 30, 1890 (7 U.S.C. 321 et seq.), including Tuskegee University, or other colleges or universities with demonstrable expertise.

(2) The Advisory Council shall—

(A) make recommendations to the Secretary concerning research and extension projects that merit funding under sections 1322 and 1324;

(B) promote the programs established under this subtitle at the national level;

(C) coordinate research and extension activities funded by such programs;

(D) establish general procedures for awarding and administering funds under this subtitle;

(E) consider recommendations for improving such programs;

(F) facilitate cooperation and integration between sustainable agriculture, national water quality, integrated crop management, integrated resource management, integrated pest management, food safety, and other related programs; and

(G) prepare and submit an annual report concerning its activities to the Secretary.

(d) REGIONAL ADMINISTRATIVE COUNCILS.—(1) The membership of the Regional Administrative Councils shall include representatives of—

(A) the Agricultural Research Service
(B) the Cooperative State Research Service;

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(C) the Extension Service;
(D) State cooperative extension services;
(E) State agricultural experiment stations;
(F) the Soil Conservation Service;
(G) State departments engaged in sustainable agriculture programs;
(H) nonprofit organizations with demonstrable expertise;
(I) farmers utilizing systems and practices of sustainable agriculture;
(J) agribusiness;
(K) the State or United States Geological Survey; and
(L) other persons knowledgeable about sustainable agriculture and its impact on the environment and rural communities.

(2) The Regional Administrative Councils shall—
(A) make recommendations to the Advisory Council concerning research and extension projects that merit funding under sections 1322 and 1324;
(B) promote the programs established under this subtitle at the regional level;
(C) establish goals and criteria for the selection of projects authorized under this subtitle within the applicable region;
(D) appoint a technical committee to evaluate the proposals for projects to be considered under this subtitle by such council;
(E) review and act on the recommendations of the technical committee, and coordinate its activities with the regional host institution; and
(F) prepare and make available an annual report concerning projects funded under sections 1322 and 1324, together with an evaluation of the project activity.

(e) CONFLICT OF INTEREST.—A member of the regional administration council or a technical committee may not participate in the discussion or recommendation of proposed projects if the member has or had a professional or business interest in, including the provision of consultancy services, the organization whose grant application is under review.

SEC. 1324. FEDERAL-STATE MATCHING GRANT PROGRAM.

(a) ESTABLISHMENT.—The Secretary shall establish a Federal-State matching grant program to make grants to States to assist in the creation or enhancement of State sustainable agriculture research, extension, and education programs, in furtherance of this subtitle.

(b) ELIGIBLE PROGRAMS AND ACTIVITIES.—States eligible to receive a grant under this section may conduct a variety of activities designed to carry out the purpose of this subtitle, including—
(1) activities that encourage the incorporation and integration of sustainable agriculture concerns in all State research, extension, and education projects;
(2) educational programs for farmers, educators, and the public;
(3) the development and funding of innovative research, extension, and education programs regarding sustainable agriculture;
(4) the conduct of research and demonstration projects;
(5) the provision of technical assistance to farmers and ranchers;
(6) activities that encourage farmer-to-farmer information exchanges; and
(7) such other activities that are appropriate to the agricultural concerns of the State that are consistent with the purpose of this subtitle.

(c) SUBMISSION OF PLAN.—(1) States that elect to apply for a grant under this section shall prepare and submit, to the appropriate Regional Administrative Council established under section 1323, a State plan and schedule for approval by such council and the Secretary.

(2) State plans prepared under paragraph (1) shall provide details of the proposed program to be implemented using funds provided under this section for fiscal years 1991 through 1995, or any 5-year period thereafter, and shall identify the sources of matching State funds for the same fiscal year.

(3) To be eligible for approval, State plans submitted under this subsection shall demonstrate that there will be extensive and direct participation of farmers in the development, implementation, and evaluation of the program.

(d) GRANT AWARD.—(1) Subject to paragraph (2), the Secretary shall provide grants to eligible States in an amount not to exceed 50 percent of the cost of the establishment or enhancement of a State sustainable agriculture program under a plan approved by the Secretary under subsection (c) for a period not to exceed 5 years.

(2) To be eligible to receive a grant under this section, a State shall agree to pay, from State appropriated funds, other State revenue, or from private contributions received by the State, not less than 50 percent of the cost of the establishment or

enhancement of the sustainable agriculture program under an approved plan under subsection (c).

SEC. 1325. INTEGRATED MANAGEMENT SYSTEMS RESEARCH AND EDUCATION.

(a) ESTABLISHMENT.—The Secretary shall establish a research and education program to enhance research related to farming operations, practices, and systems that optimize crop and livestock production potential and are environmentally sound. The purpose of the program shall be to—

(1) encourage producers to adopt integrated crop and livestock management practices and systems that minimize or abate adverse environmental impacts, reduce soil erosion and loss of water and nutrients, enhance the efficient use of on-farm and off-farm inputs, and maintain or increase profitability and long-term productivity;

(2) develop knowledge and information on integrated crop and livestock management systems and practices, including specific information for inclusion in handbooks, technical guides, and educational materials under section 1327, to assist agricultural producers in the adoption of these systems and practices;

(3) accumulate and analyze information on agricultural production practices researched or developed under programs established in sections 1322, 1324, and 1346 to further the development of integrated crop and livestock management systems;

(4) facilitate the adoption of whole-farm integrated crop and livestock management systems through demonstration projects on individual farms throughout the United States; and

(5) evaluate and recommend appropriate integrated crop and livestock management policies and programs.

(b) DEVELOPMENT AND ADOPTION OF INTEGRATED CROP MANAGEMENT PRACTICES.—The Secretary shall encourage agricultural producers to adopt and develop individual, site-specific integrated crop management practices. On a priority basis, the Secretary shall develop and disseminate information on integrated crop management systems for agricultural producers in specific localities or crop producing regions where the Secretary determines—

(1) water quality is impaired as a result of local or regional agricultural production practices; or

(2) the adoption of such practices may aid in the recovery of endangered or threatened species.

(c) DEVELOPMENT AND ADOPTION OF INTEGRATED RESOURCE MANAGEMENT PRACTICES.—The Secretary shall, on a priority basis, develop programs to encourage livestock producers to develop and adopt individual, site-specific integrated resource management practices. These programs shall be designed to benefit producers and consumers through—

(1) optimum use of available resources and improved production and financial efficiency for producers;

(2) identifying and prioritizing the research and educational needs of the livestock industry relating to production and financial efficiency, competitiveness, environmental stability, and food safety; and

(3) utilizing an interdisciplinary approach toward preventing potential problems.

SEC. 1326. TECHNICAL GUIDES AND HANDBOOKS.

(a) DEVELOPMENT.—The Secretary not later than the 1992 crop year shall develop and make available handbooks and technical guides, and any other educational materials that are appropriate for describing sustainable agriculture production systems and practices; integrated crop management systems and practices, integrated resource management systems and practices, nutrient management practices, and integrated pest management practices as researched and developed under this subtitle, subtitle I, and section 1346.

(b) CONSULTATION AND COORDINATION.—The Secretary shall develop the handbooks, technical guides, and educational materials in consultation with the panel established under section 1323(b) and any other appropriate entities designated by the Secretary. The Secretary shall coordinate activities conducted under this section with those conducted under section 1662 of the Food and Agricultural Resources Act of 1990.

(c) CONTENT.—(1) The handbooks and guides, and other education materials, shall include detailed information on the selection of crops and crop-plant varieties, rotation practices, soil building practices, tillage systems, nutrient management, integrated pest management practices, habitat protection, livestock management, soil,

water, and energy conservation, and any other practices in accordance with or in furtherance of the purpose of this subtitle.

(2) The handbooks and guides, and other educational materials, shall provide standards and practical instructions and be organized in such a manner as to enable agricultural producers desiring to implement the practices and systems developed under this subtitle, subtitle I, and section 1346 to address site-specific, environmental and resource management problems and to sustain farm profitability, including—

(A) enhancing and maintaining the fertility, productivity, and conservation of farmland and ranch soils, ranges, pastures, and wildlife;

(B) maximizing the efficient and effective use of agricultural inputs;

(C) protecting or enhancing the quality of water resources; or

(D) optimizing the use of on-farm and nonrenewable resources.

(d) AVAILABILITY.—The Secretary shall ensure that handbooks and technical guides, and other educational materials are made available to the agricultural community and the public through colleges and universities, the State cooperative extension service, the Soil Conservation Service, other State and Federal agencies, and any other appropriate entities.

(e) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated such sums as may be necessary to carry out the provisions of this section.

SEC. 1327. EDUCATION AND TRAINING.

(a) ESTABLISHMENT.—The Secretary shall establish a program for the training of appropriate field office personnel in the practices developed under this subtitle, subtitle I, and section 1346, as well as related state activities and federal and state regulatory actions which will affect farming practices.

(b) ADMINISTRATION.—(1) The training program established under subsection (a) shall be organized and administered by the Extension Service, in coordination with other appropriate federal agencies.

(2) To implement this section within each State, the Secretary shall designate an individual from the Extension Service within each State to coordinate the training program established in this section. The coordinators shall be responsible, in cooperation with appropriate Federal and State agencies, for developing and implementing a statewide training program for appropriate field office personnel.

(c) REQUIRED TRAINING.—(1) The Secretary shall insure that all agricultural agents of the Extension Service have completed the training program established in subsection (a) not later than the end of the five-year period beginning on the date of enactment of this subtitle.

(2) Beginning three years after the date of enactment of this subtitle, the Secretary shall ensure that all agricultural Extension Service agents employed by such Service are able to demonstrate, not later than 18 months after the employment of such agents, that such agents have completed the training program established in subsection (a).

(d) ADDITIONAL EDUCATION.—The Secretary shall provide dealers of pesticides, fertilizers, and livestock production equipment, supplies, and feed ingredients with information on the programs detailed in subsection (a) to assist such dealers in transferring this information to agricultural producers.

(e) REGIONAL SPECIALISTS.—(1) To assist county agents and farmers implement production practices developed under this subtitle, subtitle I, and section 1346, regional sustainable agriculture specialists may be designated within each State who shall report to the State coordinator of that State, as designated by the Secretary under subsection (b)(2).

(2) The specialists shall be responsible for developing and coordinating local dissemination of sustainable agriculture information in a manner that is useful to farmers in the region.

(f) INFORMATION AVAILABILITY.—The Extension Service within each State shall transfer information developed under this subtitle, subtitle I, and section 1346, through a program that shall—

(1) assist in developing farmer-to-farmer information exchange networks to enable farmers making transitions to more sustainable farming systems to share ideas and draw on the experiences of other farmers;

(2) help coordinate and publicize a regular series of sustainable agriculture farm tours and field days within each State;

(3) plan for extension programming, including extensive farmer input and feedback, in the design of new and ongoing research endeavors related to sustainable agriculture;

(4) provide technical assistance to individual farmers in the design and implementation of farm management plans and strategies for making a transition to more sustainable agricultural systems;

(5) consult and work closely with the Soil Conservation Service and the Agricultural Stabilization and Conservation Service in carrying out the information, technical assistance, and related programs;

(6) develop, coordinate, and direct special education and outreach programs in areas highly susceptible to groundwater contamination, linking sustainable agriculture information with water quality improvement information;

(7) develop information sources relating to crop diversification, alternative crops, on-farm food or commodity processing, and on-farm energy generation;

(8) establish a well-water testing program designed to provide those persons dependent upon underground drinking water supplies with an understanding of the need for regular water testing, information on sources of testing, and an understanding of how to interpret test results and provide for the protection of underground water supplies;

(9) provide specific information on water quality practices developed through the research programs in section 1367;

(10) provide specific information on nutrient management practices developed through the research programs in section 1368; and

(11) develop whole-farm management systems integrating research results under this subtitle, subtitle I, and section 1346.

(g) DEFINITION.—The term "appropriate field office personnel" includes employees of the Extension Service, Soil Conservation Service, and other appropriate personnel, as determined by the Secretary, whose activities involve the provision of agricultural production and conservation information to agricultural producers.

(h) AUTHORIZATION FOR APPROPRIATIONS.—There are authorized to be appropriated to carry out this section $40,000,000 for each of the fiscal years 1991 through 1995.

SEC. 1328. AUTHORIZATION FOR APPROPRIATIONS.

With the exception of sections 1326 and 1327, there are authorized to be appropriated $40,000,000 for each of the fiscal years 1991 through 1995 to carry out this subtitle. Of any amount that is appropriated under this section for a fiscal year to carry out the programs established under this subtitle, not less than $15,000,000, or not less than two-thirds of the amount appropriated for that fiscal year, whichever is greater, shall be used to carry out sections 1322, 1323, and 1325.

SEC. 1329. REPEAL OF AGRICULTURAL PRODUCTIVITY RESEARCH PROVISIONS.

Subtitle C (sections 1461 through 1471) of the National Agricultural Research, Extension, and Teaching Policy Act Amendments of 1985 (7 U.S.C. 4701094710) is repealed. The table of contents at the beginning of the Food Security Act of 1985 (Public Law 99-198; 99 Stat. 1354) is amended by striking the items relating to that subtitle.

Subtitle C—National Genetics Resources Program

SEC. 1331. ESTABLISHMENT, PURPOSE, AND FUNCTIONS OF THE NATIONAL GENETIC RESOURCES PROGRAM.

(a) IN GENERAL.—The Secretary of Agriculture shall provide for a National Genetic Resources Program (hereafter referred to in this section as the "program").

(b) PURPOSE.—The program is established for the purpose of maintaining and enhancing a program providing for the collection, preservation, and dissemination of genetic material of importance to American food and agriculture production.

(c) ADMINISTRATION.—The program shall be administered by the Secretary through the Agricultural Research Service.

(d) FUNCTIONS.—The Secretary, acting through the program, shall—

(1) provide for the collection, classification, preservation, and dissemination of genetic material of importance to the food and agriculture sectors of the United States;

(2) conduct research on the genetic materials collected and on methods for storage and preservation of those materials;

(3) coordinate the activities of the program with similar activities occurring domestically;

(4) make available upon request, without charge and without regard to the country from which such request originates, the genetic material which the program assembles;

(5) expand the types of genetic resources included in the program to develop a comprehensive genetic resources program which includes plants (including silvicultural species), animal, aquatic, insect, microbiological, and other types of genetic resources of importance to food and agriculture, as resources permit; and

(6) engage in such other activities as the Secretary determines appropriate and as the resources of the program permit.

SEC. 1332. APPOINTMENT AND AUTHORITY OF DIRECTOR.

(a) DIRECTOR.—There shall be at the head of the program an official to be known as the Director of the National Genetic Resources program who shall be appointed by the Secretary. The Director shall perform such duties as are assigned to the Director by this subtitle and such other duties as the Secretary may prescribe.

(b) ADMINISTRATIVE AUTHORITY.—In carrying out this subtitle, the Secretary, acting through the Director—

(1) shall be responsible for the overall direction of the program and for the establishment and implementation of general policies respecting the management and operation of activities within the program;

(2) may secure for the program consultation services and advice of persons from the United States and abroad;

(3) may accept voluntary and uncompensated services; and

(4) may perform such other administrative functions as the Secretary determines are needed to effectively carry out this subtitle.

(c) DUTIES.—The Director shall—

(1) advise participants on the program activities;

(2) coordinate, review and facilitate the systematic identification and evaluation of, relevant information generated under the program;

(3) promote the effective transfer of the information described in paragraph (2) to the agriculture and food production community and to entities that require such information; and

(4) monitor the effectiveness of the activities described in paragraph (3).

(d) BIENNIAL REPORTS.—The Director shall prepare and transmit to the Secretary and to the Congress a biennial report containing—

(1) a description of the activities carried out by and through the program and the policies of the program, and such recommendations respecting such activities and policies as the Director considers to be appropriate;

(2) a description of the necessity for, and progress achieved toward providing, additional programs and activities designed to include the range of genetic resources described in section 1331(d)(5) in the activities of the program; and

(3) an assessment of events and activities occurring internationally as they relate to the activities and policies of the program.

(e) INITIAL REPORTS.—Not later than one year after the date of the enactment of this Act, the Director shall transmit to the Secretary and to the Congress a report—

(1) describing the projected needs over a 10-year period in each of the areas of genetic resources described in section 1331(d)(5), including the identification of existing components of a comprehensive program, policies and activities needed to coordinate those components, and additional elements not in existence which are required for the development of a comprehensive genetic resources program as described in such section;

(2) assessing the international efforts and activities related to the program, and their effect upon and coordination with the program; and

(3) evaluating the potential effect of various national laws, including national quarantine requirements, as well as treaties, agreements, and the activities of international organizations on the development of a comprehensive international system for the collection and maintenance of genetic resources of importance to agriculture.

SEC. 1333. ADVISORY COUNCIL.

(a) ESTABLISHMENT AND MEMBERSHIP.—(1) The Secretary shall establish an advisory council for the program for the purpose of advising, assisting, consulting with, and making recommendations to, the Secretary and Director concerning matters related to the activities, policies and operations of the program.

(2) The advisory council shall consist of ex officio members and not more than nine members appointed by the Secretary.

(b) EX OFFICIO MEMBERS.—The ex officio members of the advisory council shall consist of the following (or their designees):

(1) The Director.

(2) The Assistant Secretary of Agriculture for Science and Education.

(3) The Director of the National Agricultural Library.

(4) The Director of the National Institutes of Health.
(5) The Director of the National Science Foundation.
(6) The Secretary of Energy.
(7) The Director of the Office of Science and Technology Policy.
(8) Such additional officers and employees of the United States as the Secretary determines are necessary for the advisory council to effectively carry out its functions.

(c) APPOINTMENT OF OTHER MEMBERS.—The members of the advisory council who are not ex officio members shall be appointed by the Secretary as follows:

(1) Two-thirds of the members shall be appointed from among the leading representatives of the scientific disciplines relevant to the activities of the program, including agricultural sciences, environmental sciences, natural resource sciences, health sciences, and nutritional sciences.

(2) One-third of the members shall be appointed from the general public and shall include leaders in fields of public policy, trade, international development, law, or management.

(d) COMPENSATION.—Members of the advisory council shall serve without compensation, if not otherwise officers or employees of the United States, except that they shall, while away from their homes or regular places of business in the performance of services for the advisory council, be allowed travel expenses, including per diem in lieu of subsistence, in the same manner as persons employed intermittently in the Government service are allowed expenses under sections 5701 through 5707 of title 5, United States Code.

(e) TERM OF OFFICE OF APPOINTEES; VACANCIES.—(1) The term of office of a member appointed under subsection (c) is four years, except that any member appointed to fill a vacancy occurring before the expiration of the term for which the predecessor of such member was appointed shall be appointed only for the remainder of such term.

(2) The Secretary shall make appointments to the advisory council so as to ensure that the terms of the members appointed under subsection (c) do not all expire in the same year. A member may serve after the expiration of the member's term until a successor takes office.

(3) A member who is appointed for a term of four years may not be reappointed to the advisory council before two years after the date of expiration of such term of office.

(4) If a vacancy occurs in the advisory council among the members appointed under subsection (c), the Secretary shall make an appointment to fill such vacancy within 90 days after the date such vacancy occurs.

(f) CHAIR.—The Secretary shall select as the chair of the advisory council one of the members appointed under subsection (c). The term of office of the chair shall be two years.

(g) MEETINGS.—The advisory council shall meet at the call of the chair or on the request of the Director, but at least two times each fiscal year. The location of the meetings of the advisory council shall be subject to the approval of the Director.

(h) STAFF.—The Director shall make available to the advisory council such staff, information, and other assistance as it may require to carry out its functions.

(i) ORIENTATION AND TRAINING.—The Director shall provide such orientation and training for new members of the advisory council as may be appropriate for their effective participation in the functions of the advisory council.

(j) COMMENTS AND RECOMMENDATIONS.—The advisory council may prepare, for inclusion in a report submitted under section 1332—

(1) comments respecting the activities of the advisory council during the period covered by the report;

(2) comments on the progress of the program in meeting its objectives; and

(3) recommendations respecting the future directions, program, and policy emphasis of the program.

(k) REPORTS.—The advisory council may prepare such reports as the advisory council determines to be appropriate.

(l) APPLICATION OF ADVISORY COMMITTEE ACT.—Section 14(a) of the Federal Advisory Committee Act (5 U.S.C. App.) relating to the termination of an advisory committee shall not apply to the advisory committee established under this section.

SEC. 1334. DEFINITIONS AND AUTHORIZATION OF APPROPRIATIONS.

(a) DEFINITIONS.—For purposes of this subtitle:

(1) The term "program" means the National Genetic Resources Program.

(2) The term "Secretary" means the Secretary of Agriculture.

(3) The term "Director" means the Director of the National Genetic Resources Program.

(b) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated such funds as may be necessary to carry out this subtitle for each of the fiscal years 1991 through 1995.

Subtitle D—National Agricultural Library

SEC. 1335. ESTABLISHMENT, PURPOSES, AND FUNCTIONS OF THE NATIONAL AGRICULTURAL LIBRARY.

(a) ESTABLISHMENT.—There is established in the Department of Agriculture the National Agricultural Library (hereafter in this section referred to as the "Library").

(b) PURPOSES.—The Library is established for the purposes of—

(1) furthering the advancement of agricultural and related sciences; and

(2) aiding the dissemination and exchange of scientific and other information important to the progress of agricultural and food production.

(c) ADMINISTRATION.—The Library shall be administered by the Secretary of Agriculture.

(d) FUNCTIONS.—The Secretary, acting through the Library, shall—

(1) acquire and preserve books, periodicals, prints, films, recordings, and other library materials pertinent to agricultural and food related sciences;

(2) organize the materials specified in paragraph (1) by appropriate cataloging, indexing, bibliographical listings, and other methods;

(3) make available, through loans, photographic or other copying procedures, or other methods, such materials in the Library as the Secretary determines appropriate;

(4) provide reference and research assistance;

(5) provide agricultural information and information products and services—

(A) to Congress and agencies of the Federal Government; and

(B) to public and private organizations and individuals within the United States and internationally;

(6) plan for, coordinate, and evaluate information and library needs related to agricultural research and education;

(7) cooperate with and coordinate efforts undertaken by college and university libraries in conjunction with private industry and other agricultural library and information centers to develop a comprehensive agricultural library and information network;

(8) coordinate the development of specialized subject information services among the agricultural and library information communities; and

(9) engage in such other activities as the Secretary determines appropriate and as the resources of the Library permit.

(e) DISPOSAL OF MATERIALS.—The Secretary may exchange, destroy, or otherwise dispose of any books, periodicals, films, and other library materials not needed for the permanent use of the Library.

(f) RULES.—(1) To carry out the functions specified in subsection (d), the Secretary may issue rules under which the Library will make available to public and private entities and to individuals—

(A) copies of its publications or materials;

(B) facilities for research; or

(C) bibliographic, reference, or other services.

(2) Rules issued under paragraph (1) may provide for making available publications, materials, facilities, or services of the Library—

(A) without charge as a public service;

(B) upon a loan, exchange, or charge basis; or

(C) in appropriate circumstances, under contract arrangements made with a public or nonprofit private entity.

(3) Before issuing rules under paragraph (1), the Secretary shall obtain the advice and recommendations of the Board of Regents.

SEC. 1336. GIFTS.

(a) ACCEPTANCE AUTHORIZED.—The Secretary may accept on behalf of the United States gifts made conditionally or unconditionally, by will or other method, for the benefit of the Library or to carry out its functions. The Board of Regents shall make recommendations to the Secretary relating to the establishment within the Library of suitable memorials to donors.

(b) ACCEPTANCE AND USE OF CONDITIONAL GIFTS.—(1) The Secretary may not accept a gift under subsection (a) that is conditioned on the expenditure of Federal funds unless such expenditure has been approved by Act of Congress.

(2) The principal of, and income from, a conditional gift accepted under subsection (a) shall be held, invested, reinvested, and used in accordance with its conditions.

(3) The Board may recommend to the Secretary the acceptance under subsection (a) of conditional gifts for study, investigation, or research respecting the purpose for which the Library is established.

(c) USE OF UNCONDITIONAL GIFTS OF MONEY.—(1) The Secretary shall deposit in the Treasury of the United States—

(A) any unconditional gift of money accepted under subsection (a);

(B) the net proceeds from the liquidation under subsection (d) or (e) of any other property so accepted; and

(C) the proceeds of insurance on any such gift property not used for its restoration.

(2) The funds so deposited shall be held in trust by the Secretary of the Treasury for the benefit of the Library.

(3) The Secretary of the Treasury may invest and reinvest such funds in interest-bearing obligations of the United States or in obligations guaranteed as to both principal and interest by the United States.

(4) Such gifts and the income from such investments shall be available for expenditure in the operation of the Library and the performance of its functions, subject to the same examination and audit as is provided for appropriations made for the Library by Congress.

(d) USE OF UNCONDITIONAL GIFTS OF INTANGIBLE PROPERTY.—(1) The evidences of any unconditional gift of intangible personal property, other than money, accepted under subsection (a) shall be deposited with the Secretary of the Treasury, who may hold them or liquidate them, except that such evidences shall be liquidated upon the request of the Secretary of Agriculture, whenever necessary to meet payments required in the operation of the Library or the performance of its functions.

(2) The proceeds and income from any such property held by the Secretary of the Treasury shall be available for expenditure as is provided in subsection (c).

(e) USE OF UNCONDITIONAL GIFTS OF REAL AND TANGIBLE PROPERTY.—(1) The Secretary may hold and insure any real property or any tangible personal property accepted unconditionally under subsection (a) and may permit such property to be used for the operation of the Library and the performance of its functions. In the alternative, the Secretary may lease such property for the benefit of the Library.

(2) The Secretary shall deposit any income derived from the lease of such property with the Secretary of the Treasury to be available for expenditure as provided in subsection (c), except that—

(A) the income from any such real property or tangible personal property shall be available for expenditure in the discretion of the Secretary for the maintenance, preservation, or repair and insurance of such property; and

(B) any proceeds from insurance may be used to restore the property insured.

(3) Any such property when not required for the operation of the Library or the performance of its functions may be liquidated by the Secretary.

SEC. 1411. BOARD OF SCIENTIFIC ADVISORS.

(a) [illegible]

(b) [illegible]—The [illegible] the following for [illegible]:

(1) The Assistant Secretary of Agriculture for Science and Education.

(2) The Assistant Director for Biological, Behavioral, and Social Sciences of the National Science Foundation.

(3) The Director of the National Library of Medicine.

(4) The Librarian of Congress.

(c) APPOINTMENT OF OTHER MEMBERS.—The members of the Board who are not ex officio members shall be appointed by the Secretary as follows:

(1) Five members shall be selected from among leaders in fields of the agricultural sciences.

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(2) Four members shall be selected from among leaders in the various fields of the fundamental sciences, communication and information sciences, education, or public affairs.

(d) CHAIR; EXECUTIVE SECRETARY.—(1) The Board shall annually elect one of the members appointed under subsection (c) to serve as chair at the pleasure of the Board.

(2) The Secretary shall designate a member of the Library staff to act as executive secretary of the Board.

(e) DUTIES.—(1) To carry out the purpose for which the Board is established, the Board shall provide recommendations to the Secretary regarding such matters as—

(A) the acquisition of materials for the Library;

(B) the scope, content, and organization of the services of the Library; and

(C) the rules under which its materials, publications, facilities, and services are made available to various kinds of users.

(2) The Secretary shall include in the annual report of the Department of Agriculture a statement covering the recommendations made by the Board and any action taken by the Secretary regarding such recommendations.

(f) SERVICES OF MEMBERS.—The Secretary may use the services of any member of the Board in connection with matters related to the work of the Library, for such periods, in addition to conference periods, as the Secretary may determine to be appropriate.

(g) TERM OF OFFICE.—(1) Each member appointed under subsection (c) shall hold office for a term of 4 years, except that any member appointed to fill a vacancy occurring before the expiration of the term for which the predecessor of such member was appointed shall be appointed only for the remainder of such term.

(2) A member who is appointed under subsection (c) may not be reappointed to the Board before 1 year after the date of the expiration of the term of such member.

(h) APPLICATION OF ADVISORY COMMITTEE ACT.—Section 14(a) of the Federal Advisory Committee Act (5 U.S.C. App.) relating to the termination of an advisory committee shall not apply to the Board established under this section.

SEC. 1338. DEFINITIONS AND AUTHORIZATION OF APPROPRIATIONS.

(a) DEFINITIONS.—For purposes of this subtitle—

(1) The term "Library" means the National Agricultural Library.

(2) The term "Board" means the Board of Regents of the National Agricultural Library.

(3) The term "Secretary" means the Secretary of Agriculture.

(b) AUTHORIZATION OF APPROPRIATIONS.—(1) There are authorized to be appropriated amounts sufficient for the erection and equipment of suitable and adequate buildings and facilities for the use of the Library, except that—

(A) the cost of planning any one facility shall not exceed $500,000; and

(B) the total cost of any one facility shall not exceed $5,000,000.

(2) There are authorized to be appropriated such other funds as may be necessary to carry out this subtitle for each of the fiscal years 1991 through 1995.

Subtitle E—National Agricultural Weather Information System

SEC. 1339. SHORT TITLE, FINDINGS, AND PURPOSES.

(a) SHORT TITLE.—This subtitle may be cited as the "National Agricultural Weather Information System Act of 1990".

(b) FINDINGS.—Congress finds that—

(1) a major cause of variability and losses in agricultural production is weather and climate factors;

(2) extreme weather conditions, such as drought, appear to be occurring more frequently, and further climate changes are likely;

(3) the Federal Government has repeatedly assumed responsibility for emergency aid to agricultural producers who suffer losses due to weather;

(4) it would be prudent and cost effective to prevent or reduce agricultural losses due to weather factors through better use of weather and climate information;

(5) current agricultural weather and climate information and its delivery to agricultural producers are not adequate; and

(6) better application of weather and climate information will help conserve water resources, allow agricultural chemicals to be applied in a more efficient

fashion with less stress on the environment, and reduce energy consumption by improved management decisionmaking.

(c) PURPOSES.—The purposes of this subtitle are to—

(1) provide a nationally coordinated agricultural weather information system, based on the participation of universities, State programs, Federal agencies, and the private weather consulting sector, and aimed at meeting the weather and climate information needs of agricultural producers;

(2) facilitate the collection, organization, and dissemination of advisory weather and climate information relevant to agricultural producers, through the participation of the private sector and otherwise;

(3) provide for research and education on agricultural weather and climate information, aimed at improving the quality and quantity of weather and climate information available to agricultural producers, including research on short-term forecasts of thunderstorms and on extended weather forecasting techniques and models;

(4) encourage, where feasible, greater private sector participation in providing agricultural weather and climate information, to encourage private sector participation in educating and training farmers and others in the proper utilization of agricultural weather and climate information, and to strengthen their ability to provide site-specific weather forecasting for farmers and the agricultural sector in general; and

(5) ensure that the weather and climate data bases needed by the agricultural sector are of the highest scientific accuracy and thoroughly documented, and that such data bases are easily accessible for remote computer access.

SEC. 1340. AGRICULTURAL WEATHER OFFICE.

(a) ESTABLISHMENT OF THE OFFICE AND ADMINISTRATION OF THE SYSTEM.—(1) The Secretary of Agriculture shall establish in the Department of Agriculture an Agricultural Weather Office to plan and administer the National Agricultural Weather Information System. The system shall be comprised of the office established under this section and the activities of the State agricultural weather information systems described in section 1342(b)(1).

(2) The Secretary shall appoint a Director to manage the activities of the Agricultural Weather Office and to advise the Secretary on scientific and programmatic coordination for climate, weather, and remote sensing.

(b) AUTHORITY.—The Secretary, acting through the Office, may undertake the following activities to carry out this subtitle:

(1) Enter into cooperative projects with the National Weather Service to—

(A) support operational weather forecasting and observation useful in agriculture;

(B) sponsor joint workshops to train agriculturalists about the optimum utilization of agricultural weather and climate data;

(C) jointly develop improved computer models and computing capacity; and

(D) enhance the quality and availability of weather and climate information needed by agriculturalists.

(2) Obtain standardized weather observation data collected in near real time through State agricultural weather information systems.

(3) Make, through the Cooperative State Research Service, competitive grants under subsection (c) for research in atmospheric sciences and climatology.

(4) Make grants to eligible States under section 1342 to plan and administer State agricultural weather information systems.

(5) Coordinate the activities of the Office with the weather and climate research activities of the Cooperative State Research Service, the National Academy of Sciences, the National Sciences Foundation Atmospheric Services Program, and the National Climate Program.

(6) Encourage private sector participation in the National Agricultural Weather Information System through mutually beneficial cooperation with the private sector, particularly in generating weather and climatic data useful for site-specific agricultural weather forecasting.

(7) Represent the Department of Agriculture on agrometeorology and climate matters with the World Meteorological Organization, the Intergovernmental Program on Climate Change, and relevant science and technology agreements.

(c) COMPETITIVE GRANTS PROGRAM.—(1) With funds allocated to carry out this subsection, the Secretary of Agriculture may make grants to State agricultural experiment stations, all colleges and universities, other research institutions and organizations, Federal agencies, private organizations and corporations, and individuals to

carry out research in all aspects of atmospheric sciences and climatology that can be shown to be important in both a basic and developmental way to understanding, forecasting, and delivering agricultural weather information.

(2) Grants made under this subsection shall be made on a competitive basis.

(d) PRIORITY.—In selecting among applications for grants under subsection (c), the Secretary shall give priority to proposals which emphasize—

(1) techniques and processes that relate to weather-induced agricultural losses, and to improving the advisory information on weather extremes such as drought, floods, freezes, and storms well in advance of their actual occurrence;

(2) the improvement of site-specific weather data collection and forecasting; or

(3) the impact of weather on economic and environmental costs in agricultural production.

SEC. 1341. NATIONAL ADVISORY BOARD ON AGRICULTURAL WEATHER.

(a) ESTABLISHMENT.—The Secretary of Agriculture shall establish the Advisory Board on Agricultural Weather (hereafter referred to in this section as the "Board") to advise the Director of the Agricultural Weather Office with respect to carrying out this Act.

(b) COMPOSITION.—The Board shall be composed of nine members, appointed by the Secretary in consultation with the Director of the National Weather Service. Two of the members shall be from each of the four cooperative extension service regions. Of the two members from each region, one shall be an agricultural producer and one shall be an agricultural or atmospheric scientist. At least two members of the Board shall be appointed from among individuals who are engaged in providing private meteorology services or consulting with a private meteorology firm.

(c) CHAIRPERSON.—The Board shall elect a chairperson from among its members.

(d) TERM.—Each Board member shall be appointed for a three-year term, except that to ensure that members of the Board serve staggered terms, the Secretary shall appoint three of the original members of the Board to appointments for one year, and three of the original members to appointments for two years.

(e) MEETINGS.—The Board shall meet not less than twice annually.

(f) COMPENSATION.—Members of the Board shall serve without compensation, but while away from their homes or regular places of business in the performance of services for the board, members of the board shall be allowed travel expenses, including a per diem allowance in lieu of subsistence, in the same manner as individuals employed in government service are allowed travel expenses under section 5703 of title 5, United States Code.

(g) FEDERAL ADVISORY COMMITTEE ACT.—Section 14(a)(2) of the Federal Advisory Committee Act (5 U.S.C. App.) shall not apply with respect to the Board.

SEC. 1342. STATE AGRICULTURAL WEATHER INFORMATION SYSTEMS.

(a) GRANTS REQUIRED.—(1) With funds allocated to carry out this section, the Secretary of Agriculture shall make grants to not fewer than 10 eligible States to plan and administer, in cooperation with persons described in paragraph (2), advisory programs for State agricultural weather information systems.

(2) The persons referred to in paragraph (1) are the Director of the Agricultural Weather Office, the Administrator of the Extension Service, the Administrator of the Cooperative State Research Service, and other persons as appropriate (such as the directors of the appropriate State agricultural experiment stations and State extension programs).

(A) collect observational weather data through the [illegible] and [illegible] such data to the National Weather Service and the Agricultural Weather Office;

(B) develop methods for packaging information received from the national system for use by agricultural producers (with State extension services and the private sector to serve as the primary conduit of agricultural weather forecasts and climatic information to producers); and

(C) develop programs to educate agricultural producers on how to best use weather and climate information to improve management decisions; and

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(2) such other assurances and information as the Secretary may require by rule.

SEC. 1343. FUNDING.

(a) ALLOCATION OF FUNDS.—(1) Not less than 15 percent and not more than 25 percent of the funds appropriated for a fiscal year to carry out this subtitle shall be used for cooperative work with the National Weather Service entered into under section 1340(b)(1).

(2) Not less than 15 percent and not more than 25 percent of such funds shall be used by the Cooperative State Research Service for a competitive grants program under section 1340(c).

(3) Not less than 25 percent and not more than 35 percent of such funds shall be divided equally between the participating States selected for that fiscal year under section 1342.

(4) The remaining funds shall be allocated for use by the Agricultural Weather Office and the Extension Service in carrying out generally the provisions of this subtitle.

(b) LIMITATIONS ON USE OF FUNDS.—Funds provided under the authority of this subtitle shall not be used for the construction of facilities. Each State or agency receiving funds shall not use more than 30 percent of such funds for equipment purchases. Any use of the funds in facilitating the distribution of agricultural and climate information to producers shall be done with consideration for the role that the private meteorological sector can play in such information delivery.

(c) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated $5,000,000 to carry out this subtitle for each of the fiscal years 1991 through 1995.

Subtitle F—Plant and Animal Pest and Disease Control Program

SEC. 1344. FINDINGS AND DEFINITIONS.

(a) FINDINGS.—Congress finds the following:

(1) Integrated pest management treats pests as part of a crop production system that includes not only the crop and its pests, but also the physical and biological environment in which the crop is grown.

(2) The environment with respect to pest management is ever changing.

(3) A need continues to exist to coordinate and more fully develop pest control management systems to achieve economical and long-lasting solutions to pest problems.

(4) An urgent need exists to enhance, expand, and better coordinate existing Federal, State, and private research (including research by private industry) regarding integrated pest management.

(5) An expansion of research regarding integrated pest management should enhance—

(A) pest identification;

(B) field monitoring techniques,

(C) action guidelines;

(D) effective prevention and control, including the use of appropriate pesticides when needed; and

(E) available biological controls and methodology and the curtailment of inappropriate techniques.

(6) Integrated pest management is a flexible, evolving strategy that must be updated periodically so as to maximize economical solutions and minimize hazards to human health and the environment.

(b) DEFINITIONS.—For purposes of this subtitle:

(1) The term "integrated pest management" means a pest or disease population management system that uses all suitable techniques, such as biological and cultural controls as well as pesticides, in a total production system to anticipate and prevent pests and diseases from reaching economically damaging levels.

(2) The term "pesticide" shall have the same meaning as given that term in section 2(u) of the Federal Insecticide, Fungicide, and Rodenticide Act (7 U.S.C. 136(u)).

SEC. 1345. ESTABLISHMENT OF OFFICE.

(a) ESTABLISHMENT.—(1) The Secretary of Agriculture, acting through the Assistant Secretary for Science and Education, shall establish an office in the Department of Agriculture to be known as the "Office of Integrated Pest Management".

(2) The Office of Integrated Pest Management shall be established not later than 180 days after the date of enactment of this Act.

(b) Chief of Office.—The Secretary of Agriculture may appoint a chief of the Office of Integrated Pest Management whose duties shall be to—

(1) investigate and report on the status of integrated pest management; and

(2) recommend new research and extension strategies regarding integrated pest management.

(c) ADVISORY COMMITTEE.—(1) The Secretary of Agriculture shall establish a 7-person technical committee to advise the Secretary and the chief of the Office of Integrated Pest Management regarding the development of new integrated pest management research strategies, including research of the type referred to in section 1344(a)(5).

(2) The members of the advisory committee shall be appointed by the Secretary from—

(A) among scientists with appropriate training and experience in the area of integrated pest management; and

(B) among individuals who are actively performing research for Federal or State agencies or for private industries, institutions, or organizations, in a variety of disciplines.

(3) Members of the advisory committee shall be appointed for a 3-year term, except that to ensure that members serve staggered terms, the Secretary shall appoint initial members for 1-, 2-, and 3-year terms.

(4) Members of the technical committee shall serve without compensation, except that while away from their homes or regular places of business in the performance of services for the committee, members of the committee shall be allowed travel expenses, including a per diem allowance in lieu of subsistence, in the same manner as individuals employed in government service are allowed travel expenses under section 5703 of title 5, United States Code.

(d) GIFTS.—The Secretary of Agriculture may accept on behalf of the Office of Integrated Pest Management contributions of money and services from persons, groups, and entities within the United States.

(e) PILOT PROGRAMS.—The Secretary of Agriculture shall cooperate in or initiate pilot programs with respect to integrated pest management strategies.

(f) REPORT.—The Secretary of Agriculture shall submit to the Congress not later than January 15, 1995, a report reviewing existing research and extension activities involving integrated pest management. Such report shall contain recommendations regarding the continuation, modification, or elimination of the Office of Integrated Pest Management.

SEC. 1346. PLANT AND ANIMAL PEST AND DISEASE CONTROL PROGRAM.

(a) PROGRAM REQUIRED.—(1) The Secretary shall undertake or assist in the conduct of research regarding integrated pest management, including research by grant or contract with Federal or State agencies or private industries, institutions, or organizations, as may be necessary to carry out this subtitle. Such research shall include integrated pest management research to benefit the producers of cut roses and other fresh cut flowers.

(2) Implementation of integrated pest management strategies shall be conducted through the Extension Service.

(b) EFFECT ON OTHER LAWS.—Nothing in this Act shall be construed as limiting or repealing the authority of the Administrator of the Environmental Protection Agency to conduct research regarding integrated pest management under section 20(a) of the Federal Insecticide, Fungicide, and Rodenticide Act (7 U.S.C. 136r(a)).

SEC. 1347. PEST AND DISEASE CONTROL DATA BASE AND PESTICIDE RESISTANCE MONITORING.

(a) DATA BASE REQUIRED.—The Secretary of Agriculture shall establish and maintain a data base on available materials and methods of pest and disease control available to agricultural producers. The data base required by this subsection shall include a listing (by crop, animal, and pest or disease) of information—

(1) on currently available materials or methods of chemical, biological, cultural, or other means of controlling plant and animal pests and diseases; and

(2) on the extent of pest or disease resistance developed under the monitoring required by subsection (d).

(b) PRIORITIES FOR RESEARCH AND EXTENSION ACTIVITIES.—When the information in the data base established under subsection (a) indicates a shortage of available

pest or disease control materials or methods to protect a particular crop or animal, the Secretary of Agriculture shall set priorities designed to overcome this shortage in its pest and disease control research and extension programs conducted under this subtitle.

(c) DISSEMINATION OF INFORMATION IN THE DATA BASE.—The Secretary of Agriculture shall—

(1) make the information contained in the data base established under subsection (a) available through the National Agricultural Library; and

(2) provide such information on an annual basis to the Administrator of the Environmental Protection Agency in support of the activities of that Agency under the Federal Insecticide, Fungicide, and Rodenticide Act (7 U.S.C. 136 et seq.).

(d) PESTICIDE RESISTANCE MONITORING.—The Secretary of Agriculture shall establish a national pesticide resistance monitoring program in accordance with the report developed by the Secretary under section 1437 of the Food Security Act of 1985 (Public Law 99-198; 99 Stat. 1558).

SEC. 1348. RESEARCH ON EXOTIC PESTS.

(a) PURPOSE.—The purpose of this section is to expand the research capacity of the Department of Agriculture and State cooperative institutions in the control and eradication of exotic pests.

(b) RESEARCH PROGRAM.—The Secretary of Agriculture shall expand ongoing research and grant programs designed to control infestations of exotic pests. Expanded research and grant programs shall include—

(1) improvement of existing methods of pest control, including sterile insect release, and development of safer pesticides, including pheremones; and

(2) expansion of research capacity to develop new methods of pest control, including containment of pests for research purposes.

(c) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated such sums as may be necessary to carry out the program authorized by this section.

SEC. 1349. AUTHORIZATION OF APPROPRIATIONS.

There are authorized to be appropriated to carry out this subtitle (other than section 1348) $55,000,000 for each of the fiscal years 1991 through 1995. Not less than $30,000,000 of the amounts appropriated to carry out this subtitle (other than section 1348) for a fiscal year shall be available to the Extension Service for implementation research under section 1346(a)(2).

Subtitle G—Research Regarding the Production, Preparation, Processing, Handling, and Storage of Agricultural Products

SEC. 1351. FINDINGS, PURPOSE, AND DEFINITION.

(a) FINDINGS.—Congress finds that—

(1) the wholesomeness of agricultural products is important to the welfare of the people of the United States;

(2) it is appropriate to periodically examine agricultural production and preparation, processing, handling, and storage systems for agricultural products, especially with respect to harmful microbiological and chemical agents that seriously undermine product wholesomeness and fitness; and

(3) additional research into the wholesomeness of agricultural products should be conducted to identify needed improvements in production, preparation, processing, handling and storage of agricultural products.

(b) PURPOSE.—The purpose of this subtitle is to authorize agricultural products research, and not to implement any changes to current production, preparation, processing, handling and storage methods and procedures for agricultural products.

(c) EFFECT ON OTHER PROGRAMS.—Nothing in this subtitle shall be construed or interpreted to limit or otherwise affect the research programs of any agency or department of the Federal Government currently conducted or to be conducted under any other statutory authority.

(d) AGRICULTURAL PRODUCT DEFINED.—The term "agricultural product" means the product of an agricultural commodity produced in the United States from a plant or animal or silvicultural activities, or an aquacultural species, including those raised and propagated in a controlled environment.

SEC. 1352. RESEARCH AND GRANT PROGRAM.

(a) RESEARCH PROGRAM.—The Secretary of Agriculture shall establish a research program to—

(1) establish a statistical framework to measure microbiological and chemical agents in or affecting agricultural products that seriously undermine product wholesomeness and fitness;

(2) identify any microbiological or chemical agent under the statistical framework established under paragraph (1); and

(3) identify the means to avoid microbiological and chemical agents in or affecting agricultural products or to control or reduce such agents, including—

(A) developing techniques for the rapid detection and identification of such microbiological and chemical agents;

(B) analyzing the production, preparation, processing, handling, storage, and distribution of agricultural products, to determine those points at which intervention could occur to control microbiological or chemical agents in or affecting an agricultural product; and

(C) research to develop or enhance existing techniques to control microbiological or chemical agents in or affecting an agricultural product, including food irradiation research.

(b) COMPETITIVE GRANT PROGRAM.—The Secretary of Agriculture may make competitive grants, after consultation with the committee established under section 1353, for periods not to exceed five years, to persons and governmental entities for research to be carried out for any of the activities specified in subsection (a). The Secretary shall require the recipient of any such grant to provide matching funds for such research unless the Secretary determines that the research should be performed notwithstanding the lack of matching funds.

(c) PROHIBITED USES.—No grant may be made under subsection (b) (or expended by the recipient of such a grant) for the planning, repair, rehabilitation, acquisition, or construction of a building or a facility.

(d) ELIGIBILITY REQUIREMENTS.—To be eligible to receive a grant under subsection (b), a person or governmental entity shall submit to the Secretary an application that contains—

(1) a proposal to carry out research for one or more of the activities specified in subsection (a);

(2) an assurance that such person or entity will submit to the Secretary a detailed report of the research conducted with such grant; and

(3) such other terms and conditions as the Secretary may require by rule.

SEC. 1353. ADVISORY COMMITTEE AND GRANT PROCESS.

(a) ADVISORY COMMITTEE.—The Secretary of Agriculture shall establish a committee to set research priorities for, and evaluate, proposed research projects for which grants under section 1352(b) are requested.

(b) MEMBERSHIP.—The committee shall be comprised of nine members as follows:

(A) The Secretary or the designee of the Secretary ex officio.

(B) Two members appointed by the Secretary from among scientists who are employed by colleges, universities, or State agricultural experiment stations and who are specially qualified to serve on the committee by virtue of their demonstrated, generally recognized expertise in food science, microbiology, veterinary medicine, pathology, or any other appropriate scientific discipline.

(C) Two members appointed by the Secretary from among scientists or public health professionals who are employed by private research organizations or other entities involved in food research and who are specially qualified to serve on the committee by virtue of their demonstrated, generally recognized expertise in food science, microbiology, veterinary medicine, pathology, or any other appropriate scientific discipline.

(D) Four members appointed by the Secretary from among individuals who are employees of the Federal Government and who are specially qualified to serve on the committee by virtue of their demonstrated, generally recognized expertise in food science, microbiology, veterinary medicine, pathology, or any other appropriate scientific discipline.

(c) PUBLIC NOTICE.—(1) On receipt of the committee's recommendations with respect to research priorities for grants awarded under section 1352(b), the Secretary shall publish in the Federal Register—

(A) the proposed research priorities, and

(B) a notice requesting persons and governmental entities to submit written comments on the priorities to the Secretary not later than sixty days after publication of such notice.

(2) After review of comments received under paragraph (1), the Secretary shall establish final research priorities by notice in the Federal Register.

(d) REVIEW OF RESEARCH PROPOSALS.—(1) On receipt of an application submitted under section 1352(b) for research, the Secretary shall refer the research proposal contained in such application to the committee established by this section for its review.

(2) To assist the committee in its deliberations, the committee shall establish peer review panels to review the scientific and technical merits of research proposals. The committee shall seek the widest participation of qualified scientists and public health professionals in such panels.

(3) The peer review panels shall report their findings and recommendations to the committee.

(4) Both the committee and the peer review panels shall consult and coordinate with other appropriate Federal advisory committees.

(5) After due consideration of the review panel comments, the committee shall recommend to the Secretary which grants should be made under this subtitle.

(e) BASIC AND APPLIED RESEARCH.—In reviewing research proposals received under subsection (d), the committee and the peer review panels shall identify both—

(1) proposals for basic research, and

(2) proposals for applied research, taking into consideration the practical application of the results of basic research and applied research.

(f) REVIEW OF COMPLETED PROJECTS.—When a research project is completed, the grant recipient shall forward the results of the project to the committee for its review. The committee shall submit the results to the Secretary along with any recommendations or suggestions of the committee.

(g) APPLICATION OF THE FEDERAL ADVISORY COMMITTEE ACT.—The Federal Advisory Committee Act (5 U.S.C. App.) shall not apply with respect to the committee or peer review panels established under this section.

SEC. 1354. REPORTS TO CONGRESS.

(a) REPORT ON IMPLEMENTATION.—Not later than one year after the date of the enactment of this Act, the Secretary of Agriculture shall submit to the Committee on Agriculture of the House of Representatives and to the Committee on Agriculture, Nutrition, and Forestry of the Senate a report on the implementation of this subtitle.

(b) REPORTS ON RESEARCH.—For each fiscal year in which funding is provided to carry out this subtitle, the Secretary shall report on the findings of the research for which grants were made during such fiscal year under this subtitle and include in such report any recommendations for implementation of the findings to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate.

SEC. 1355. AUTHORIZATION OF APPROPRIATIONS.

(a) AUTHORIZATION.—There are authorized to be appropriated for each of the fiscal years 1991 through 1995 such sums as may be necessary to carry out this subtitle to be available until expended without fiscal year limitation.

(b) ADMINISTRATIVE EXPENSES.—Not more than four percent of the amount appropriated for a fiscal year under subsection (a) may be expended by the Secretary of Agriculture for administrative costs incurred by the Secretary to carry out this subtitle.

Subtitle H—National Institute for Alternative Agricultural Products

SEC. 1356. SHORT TITLE, PURPOSES, AND DEFINITIONS.

(a) SHORT TITLE.—This subtitle may be cited as the "Alternative Agricultural Products Act of 1990".

(b) PURPOSE.—Through the encouragement of and the provision of assistance to agricultural research and development, it is the purpose of this subtitle to—

(1) substantially increase commercial use of agricultural commodities produced in the United States, through cooperative public and private development of environmentally sound, healthful, and safe new uses, applications, technologies, processes, and products of such commodities;

(2) mobilize private sector initiatives to improve the competitiveness of United States agricultural producers and processors in both domestic and export markets through accelerated development, application, and transfer of advanced

technology related to new uses, processes, and products of agricultural commodities;

(3) foster economic development in rural areas of the United States through the introduction of new products obtained from agricultural commodities;

(4) establish markets for new nonfood, nonfeed uses of traditional and new agricultural commodities resulting from cooperative research and development in order to create jobs, enhance the economic development of the rural economy, and diversify markets for raw agricultural commodities;

(5) encourage cooperative development and marketing efforts among manufacturers, investors, universities, and private and government laboratories in order to accelerate the commercialization of new industrial uses for agricultural commodities; and

(6) direct, to the maximum extent possible, commercialization efforts toward the development of new products from raw agricultural commodities that can be raised by family farmers.

(c) DEFINITIONS.—For purposes of this subtitle:

(1) The term "agricultural commodity" means a plant or animal species propagated or raised in a controlled environment, or the products derived from that species.

(2) The term "alternative agricultural product" means a new use, application, or material that—

(A) is derived from an agricultural commodity; and

(B) is not in widespread commercial use and is not expected to significantly displace a use, application, or material derived from an agricultural commodity that already is in widespread commercial use.

(3) The term "commercialization" or "commercialize" includes—

(A) activities associated with the development of prototype products or industrial plants;

(B) the application of technology and techniques to the development of industrial products; and

(C) the market development of new industrial uses of new and traditional agricultural commodities and processes, that will lead to the creation of goods and services that may be marketed for profit.

(4) The term "Institute" means the National Institute for Alternative Agricultural Products.

(5) The term "Secretary" means the Secretary of Agriculture.

(6) The term "Director" means the Director of the Institute.

(7) The term "Board" means the National Alternative Agricultural Products Board.

(8) The term "Regional Center" means a Regional Center established by the Board under section 1362.

(9) The term "Fund" means the Alternative Agricultural Products Technology Revolving Fund.

SEC. 1357. NATIONAL INSTITUTE FOR ALTERNATIVE AGRICULTURAL PRODUCTS.

(a) ESTABLISHMENT OF THE INSTITUTE.—The Secretary of Agriculture shall establish a National Institute for Alternative Agricultural Products to carry out the purpose of this subtitle. The Institute shall be operated as an independent entity within the Department of Agriculture under the general supervision and policy control of the National Alternative Agricultural Products Board.

(b) FUNCTIONS OF THE INSTITUTE.—The Institute shall have the authority to—

(1) make grants to, and enter into cooperative agreements and contracts with, eligible applicants for research, development, and demonstration projects in accordance with section 1359;

(2) make loans and interest subsidy payments and invest venture capital in accordance with section 1360;

(3) collect and disseminate information about State, regional, and local commercialization projects;

(4) search for new industrial materials that may be produced from agricultural commodities and for processes to produce such materials;

(5) administer, maintain, and dispense funds from the Alternative Agricultural Products Technology Revolving Fund to facilitate the conduct of activities under this subtitle; and

(6) engage in other activities incident to carrying out its functions.

(c) DIRECTOR OF THE INSTITUTE.—(1) The Institute shall be headed by a Director, who shall be appointed by the Board and approved by the Secretary of Agriculture. The Director shall receive basic pay at the rate provided for level III of the Execu-

tive Schedule under section 5314 of title 5, United States Code. The Director shall be appointed for a term of five years, subject to removal by the Board before the end of that term.

(d) RESPONSIBILITIES OF THE DIRECTOR.—The Director shall be responsible for the overall management of the Institute and the implementation of general policies respecting the management and operation of programs and activities of the Institute. In carrying out such responsibilities on behalf of the Institute, the Director (subject to the supervision of the Board)—

(1) shall provide for appropriate peer review of—

(A) applications for grants, contracts, and cooperative agreements submitted under section 1359 and applications for financial assistance submitted under section 1360;

(B) the conduct of research for which assistance is provided by the Institute; and

(C) research findings or reports resulting from grants, contracts, and cooperative agreements administered by the Institute as the Board determines necessary;

(2) shall require, where appropriate, licensing and patent agreements, copyright fees, royalties, or other fee arrangements on the sales of products, new uses, applications technologies, or processes developed through assistance provided through a grant made, contract or cooperative agreement entered into, or other assistance provided, under this subtitle; and

(3) shall take appropriate action to ensure that all channels for the dissemination and exchange of agricultural products and processes research are maintained between the Institute and other agricultural, scientific, and business entities.

SEC. 1358. NATIONAL ALTERNATIVE AGRICULTURAL PRODUCTS BOARD.

(a) ESTABLISHMENT OF BOARD.—The Secretary shall establish the National Alternative Agricultural Products Board, which shall consist of ex officio nonvoting members and 12 voting members.

(b) MEMBERS.—(1) The Secretary may appoint as ex officio nonvoting members of the Board such officers or employees of the United States as the Secretary determines to be necessary to assist the Board to effectively carry out its functions.

(2) The voting members of the Board shall be appointed by the Secretary as follows:

(A) Three members who are appointed from among the leading representatives of the scientific disciplines relevant to the activities of the Institute.

(B) Three members who are producers or processors of agricultural commodities.

(C) Three members who are privately engaged in the commercialization of new products from agricultural commodities.

(D) Three members who are representatives of private industries that have a history of successful commercialization of new products.

(c) RESPONSIBILITIES.—The Board shall—

(1) be responsible for the general supervision and policy control of the Institute and Regional Centers;

(2) determine (in consultation with the advisory council appointed under section 1360) high priority commercialization areas to receive assistance under that section;

(3) review any grant, contract, or cooperative agreement to be made by the Institute under section 1359 and any financial assistance to be provided under section 1360;

(4) make the final decision, by majority vote, on whether and how to provide assistance to the applicant;

(5) establish program policy, objectives, research and development, and commercialization priorities to implement this subtitle, through a process of public hearings to be initiated as soon as practicable after the establishment of the Board; and

(6) using the results of such hearings and other information and data collected under paragraph (4), develop and establish a budget plan and a long-term operating plan to implement this subtitle.

(d) TERM; VACANCIES.—The term of office of a voting member of the Board shall be four years, except that six members shall be initially appointed for a two-year term and any member appointed to fill a vacancy for an unexpired term shall be appointed only for the remainder of such term. A vacancy on the Board shall be filled in the same manner as the original appointment.

(e) CHAIR.—The voting members of the Board shall select a chair from among the voting members. The term of office of the chair shall be two years.

(f) MEETINGS.—The Board shall meet at the call of the chair or at the request of the Director, but at least three times each fiscal year. The location of the meetings of the Board shall be subject to the approval of the Director. A quorum of the Board shall consist of a majority of the voting members of the Board.

(g) COMMITTEES.—The Board may establish one or more temporary committees with scientific, technical, or other expertise, whose duties shall be to provide information, analysis, and recommendations, at the request and direction of the Board, on scientific, technological, policy, and other matters, as determined necessary by the Board. The Federal Advisory Committee Act (5 U.S.C. App.) shall not apply with respect to such temporary committees.

(h) COMPENSATION.—Members of the Board who are officers or employees of the United States shall not receive any additional compensation by reason of service on the Board. Members of the Board appointed under subsection (b)(2) shall receive, for each day (including travel time) they are engaged in the performance of the functions of the Board, compensation at a rate not to exceed the daily equivalent of the annual rate in effect for grade GS0918 of the General Schedule. All members of the Board shall be reimbursed for travel, subsistence, and other necessary expenses incurred by them in the performance of their duties.

(i) RESTRICTIONS.—(1) Except as provided in paragraph (3), no member of the Board shall vote on any matter respecting any application, contract, claim, or other particular matter pending before the Institute, in which, to the knowledge of the member, such member, spouse or minor child of such member, partner or organization (other than the Corporation) in which such member is serving as officer, director, trustee, partner, or employee, or any person or organization with whom such member is negotiating or has any arrangement concerning prospective employment, has a financial interest.

(2) Action by a member of the Corporate Board that is contrary to the prohibition contained in paragraph (1) shall be cause for removal of such member, but shall not impair or otherwise affect the validity of any otherwise lawful action by the Institute in which the member or officer participated.

(3) The prohibitions contained in paragraph (1) shall not apply if a member of the Board advises the Board of the nature of the particular matter in which such member proposes to participate in, and if such member makes a full disclosure of such financial interest, prior to any participation, and the Board determines, by majority vote, that the financial interest is too remote or too inconsequential to affect the integrity of such member's services to the Institute in that matter. The member involved shall not participate in such determination.

(4) Any final decision made under subparagraph (3) may be vetoed by the Secretary, and the Secretary shall inform the Board of the reasons for such veto.

SEC. 1359. RESEARCH AND DEVELOPMENT GRANTS, CONTRACTS, AND AGREEMENTS.

(a) ELIGIBILITY.—All public and private educational institutions, other public and private research institutions and organizations, Federal agencies, and individuals shall be eligible to receive a grant from, or enter into a contract or cooperative agreement with, the Institute for a research, development, or demonstration project, as provided in this section.

(b) COMPETITIVE BASIS FOR AWARDS.—Grants made, and contracts and cooperative agreements entered into, under this section shall be selected on a competitive basis on the recommendation of a peer review system to be established by the Institute. Such system shall contain peer review expertise in commercial production, product development, processing, and marketing of agricultural commodities as well as in scientific research.

(c) SELECTION CRITERIA.—The Institute shall select a research, development, or demonstration project to receive a grant, contract, or cooperative agreement under this section, based on the likelihood that the project will result in creating or improving economically viable commercial products, applications, processes, or technologies that involve the use of raw or processed agricultural commodities. The criteria to be considered shall include the following:

(1) The potential of the project to develop technologies that use or modify existing agricultural commodities to provide an economically viable quantity of new products.

(2) The potential of the project to develop new processes that may significantly increase the use of agricultural commodities.

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(3) The potential marketability of the new product, the time period needed to market the new product, and the availability of the raw or processed agricultural commodity used in production.

(4) The potential that a project's selection could have on reducing the costs of Federal agricultural assistance programs.

(5) The unavailability of adequate funding from other sources to develop new commercial products or processes from the agricultural commodity proposed to be used in the project.

(6) The positive effect that the new product involved in the project may have on resource conservation, public health and safety, and the environment.

(7) The ability to produce the alternative agricultural product in or near the area where the agricultural commodity is produced.

(d) SET-ASIDE OF FUNDS FOR CERTAIN PROJECTS.—(1) Not less than two-thirds of the funds obligated each fiscal year for grants, contracts, and cooperative agreements under this section shall be awarded only for research, development, and demonstration projects for which the applicant—

(A) has committed substantial funding and support from its own resources; and

(B) has also entered into a cooperative agreement or other contractual arrangement with a commercial company domiciled in the United States that commits such company to—

(i) provide funds for at least 20 percent of the total cost of such project; and

(ii) engage in commercial production and sale of the marketable products, processes, uses, applications, or technologies developed through the project, under appropriate licensing, royalty, or other agreements.

(2) Not less than five percent of the funds obligated each fiscal year for grants, contracts, and cooperative agreements under this section shall be awarded only for projects submitted by the 1890 land-grant institutions, eligible to receive funds under the Act of August 30, 1890 (7 U.S.C. 321 et seq.) including Tuskegee University.

(e) LIMITATION ON FUNDS PROVIDED.—Funds committed by the Institute for any project under a grant, contract, or cooperative agreement under this section shall in no case exceed 50 percent of the total cost of the project.

(f) MATCHING FUNDS.—Assistance shall be provided by the Institute on a matching basis with each dollar of Institute funds to be matched by one dollar or more from funds provided by a source other than the Institute. The actual ratio shall be established by the Institute and the applicant.

SEC. 1360. COMMERCIALIZATION ASSISTANCE.

(a) ASSISTANCE AUTHORIZED.—The Institute, at the discretion of the Board, may provide to eligible entities for projects commercializing new, nonfood, nonfeed products using agricultural commodities, financial assistance in the form of—

(1) loans made or insured by the Institute;

(2) interest subsidy payments made by the Institute (pursuant to an agreement between the Institute, the lender, and the borrower) to the lender in amounts determined pursuant to the agreement;

(3) venture capital invested by the Institute in the form of a convertible debenture; and

(4) repayable grants that are matched by private or local public funds and that are repaid as agreed in a contract between the Institute and the entity.

(b) ADVISORY COUNCIL.—The Board shall appoint an Advisory Council to advise the Director and Board concerning all applications for assistance submitted under this section. The Advisory Council shall—

(1) review (or coordinate the review of) the technical, engineering, financial, and managerial soundness and marketing potential of the applications;

(2) by majority vote, make a nonbinding recommendation on each application submitted under this section;

(3) monitor the progress of ongoing projects and provide technical and business counseling as needed;

(4) monitor the operation of the Regional Centers; and

(5) provide technical and business counseling to entities that are not seeking financial assistance from the Corporation, but which are engaged in commercializing nonfood, nonfeed uses of agricultural commodities.

(c) APPLICATION REQUIREMENTS.—(1) To obtain financial assistance from the Institute under this section, an eligible entity shall file an application with the Director.

(2) An application submitted to the Director under paragraph (1) shall—

(A) describe the proposal of the entity for the commercialization of a new product consistent with this section, including documentation that such proposal is—

(i) scientifically sound;

(ii) technologically feasible; and

(iii) marketable;

(B) provide documentation that adequate private sector funding is not available, but that the applicant has the ability to obtain matching funds from the public or private sectors;

(C) provide documentation that the applicant has invested in the project a significant amount of the applicant's own resources, including time and money;

(D) provide documentation that the product or process has broad application and has the potential to be commercially viable without continual assistance;

(E) provide documentation that the proposal has broad participation by representatives of the public sector, the financial community, the private business community, State and local governments, educational institutions, the farm community, the science and engineering communities;

(F) provide documentation that an established relationship exists between the applicant and other entities to give the applicant access to private business assistance;

(G) provide assurances of legal compliance by the applicant with the terms and conditions of the receipt of assistance under this section; and

(H) provide assurances that the project will result in the creation of new jobs in rural communities.

(d) PRIORITIES.—The Board shall give priority to—

(A) applications that shall create jobs in economically distressed rural areas;

(B) applications that have State or local government financial participation; and

(C) applications that have private financial participation.

(e) ELIGIBLE ENTITY DEFINED.—For purposes of this section, the term "eligible entity" includes—

(1) a university or other educational institution;

(2) a nonprofit organization; or

(3) a business concern.

SEC. 1361. GENERAL RULES REGARDING THE PROVISION OF ASSISTANCE.

(a) NOTICE OF RECEIPT OF APPLICATIONS.—Not later than 30 days b fore the start of each period established by the Board for receipt of applications for financial assistance under section 1359 or 1360, the Board shall publish in the Federal Register a notice that it will receive such applications.

(b) MONITORING.—(1) The Board shall monitor the progress of projects that receive financial assistance under this subtitle.

(2) Such monitoring may include on-site reviews by representatives of the Board, the requirement of written reports by recipients of assistance, and supportive business and technical counseling as needed by the recipient. The Board may use the Advisory Council appointed under section 1360 to assist in such monitoring.

(c) AUDITING AND ACCOUNTABILITY.—(1) The Board shall establish a thorough and effective system of auditing and accountability to ensure that funds paid under section 1359 or 1360 are used by recipients only for the purposes for which those funds are provided by the Institute.

(2) The Board may require that recipients of assistance demonstrate that the use of financial assistance is in compliance with the agreement by which that assistance is provided.

(d) INFORMATION EXEMPT FROM DISCLOSURE.—With respect to research, development, or demonstration projects carried out with the participation of private research institutions or commercial companies, information received by the Institute incident thereto shall be exempt from disclosure under section 552 of title 5, United States Code, and shall not be made available publicly except in a judicial or administrative proceeding in which such information is subject to protective order.

(e) OVERHEAD AND ADMINISTRATIVE COSTS.—The Board shall require that applications or responses to requests for proposals issued by the Institute for grants, contracts, or cooperative agreements include detailed estimates of project overhead and administrative costs. In selecting such applications or proposals for awards, the Institute shall give preference to those with the lowest effective costs.

(f) TIME LIMITATION.—No grant may be awarded, or contract or cooperative agreement entered into, for a period in excess of three years.

(g) PROHIBITION ON CERTAIN USES OF ASSISTANCE.—No grant may be awarded, or contract or cooperative agreement entered into, for the planning, repair, rehabilitation, acquisition, or construction of a building or a facility.

(h) REPORTS.—(1) As soon as practicable after the end of each fiscal year, the Board shall prepare and submit to the Secretary a report on the activities, progress, and accomplishments of the Institute during such fiscal year. The report shall include—

(A) a description of the progress, activities, and accomplishments of the Institute during that fiscal year and the expenditures by the Institute for its information and other service activities; and

(B) a copy of the operating plan prepared by the Board under section 1358(c)(5).

(2) The Secretary shall transmit each report received under paragraph (1) to the President and Congress not later than 30 days after the day on which the Secretary receives the report.

SEC. 1362. REGIONAL CENTERS.

(a) ESTABLISHMENT REQUIRED.—(1) Except as provided in paragraph (2), the Board shall establish not less than two nor more than five Regional Centers to carry out the activities specified in this section and such other activities as the Board shall from time to time specify.

(2) A Regional Center may not be established or operated in a fiscal year unless at least $5,000,000 has been appropriated for that fiscal year to carry out this subtitle.

(b) METHOD OF ESTABLISHMENT.—(1) Each Regional Center established under this section shall be located at a host institution. The Regional Centers shall be established in different States to reflect the different regional climatic conditions and rural economic stresses in the United States.

(2) An institution that desires to be selected as a host institution for a Regional Center shall submit an application to the Board. The Board shall determine the location of the Regional Centers based on a competitive review of the contents of such applications and shall consider the ability of the applicant to carry out the activities specified in this section.

(c) MATCHING OF FUNDS.—(1) Each institution submitting an application for a Regional Center under this section shall provide assurances—

(A) that adequate funds or in-kind support (including office space, equipment and staff support) shall be provided to match the amount of funds used for administrative costs that are provided by the Federal Government under this subtitle;

(B) that the institution is qualified to carry out the activities required of a Regional Center; and

(C) concerning such other matters as the Board determines to be appropriate.

(2) The matching funds required under paragraph (1) may be provided by a consortia that may include the host institution and other public or private entities existing within various regions of the United States, including State and local governments, entities created by State and local governments, charitable organizations, public and private universities and other institutions of higher education, cooperatives, and economic development organizations.

(d) DIRECTOR.—Each Regional Center shall be headed by a full-time Regional Director who shall—

(1) be selected by the Board; and

(2) have a scientific or engineering background or have experience in the development of new products or processes in the public or private sector.

(e) ACTIVITIES.—Each Regional Center shall—

(1) encourage interaction among the private and Federal laboratories, National Science Foundation centers, Department of Agriculture research programs (including the Institute), other Federal resources, State and local regional economic development programs, universities, colleges, the private sector, and the financial community, for the purpose of evaluating and commercializing new nonfood, nonfeed uses of agricultural commodities;

(2) identify broad areas where commercialization of new products and processes can contribute to economic growth in rural areas of the United States, through the development of new nonfood, nonfeed uses for agricultural commodities by private companies and businesses;

(3) provide technical assistance and related business and financial counseling for small domestic businesses to commercialize new nonfood, nonfeed uses of agricultural commodities;

(4) identify new nonfood, nonfeed products and processes that are worthy of financial assistance;

(5) make use of existing programs in scientific, engineering, technical, and management education that will support the accelerated commercialization of new nonfood, nonfeed products and processes using agricultural commodities;

(6) advise the Director on the viability of specific proposals submitted for financial assistance and on the type of assistance, if any, to be provided;

(7) coordinate their activities with the Small Business Development Centers; and

(8) coordinate their activities with the Institute.

(f) REVIEW OF PROPOSALS FOR ASSISTANCE.—(1) Persons applying for assistance under this subtitle may submit their applications to a Regional Center for review.

(2) The Directors of the Regional Centers shall work in consultation with the Advisory Council appointed under section 1360(b) to obtain peer review and evaluation of applications submitted to the Regional Centers.

(3) The Advisory Council shall review applications submitted to the Regional Centers. The Advisory Council shall, by majority vote, make a nonbinding recommendation on each proposal to the Regional Director involved.

(4) The Regional Director, after consideration of the Advisory Council's recommendation and based on the comments of the reviewers, shall make and submit a recommendation to the Board along with the recommendation of the Advisory Council.

(5) The recommendation submitted by a Regional Director is not binding on the Board.

SEC. 1363. ALTERNATIVE AGRICULTURAL PRODUCTS TECHNOLOGY REVOLVING FUND.

(a) ESTABLISHMENT.—There is established in the Treasury of the United States a revolving fund to be known as the Alternative Agricultural Products Technology Revolving Fund. The Fund shall be available to the Institute, without fiscal year limitation, to carry out the authorized programs and activities of the Institute under this subtitle.

(b) CONTENTS OF FUND.—There shall be deposited in the Fund—

(1) such amounts as may be appropriated or transferred to support the programs and activities of the Institute;

(2) payments received from any source for products, services, or property furnished in connection with the activities of the Institute;

(3) fees and royalties collected by the Institute from licensing or other arrangements relating to commercialization of products developed through projects funded in whole or part by grants, contracts, or cooperative agreements executed by the Institute;

(4) donations or contributions accepted by the Institute or the Corporation to support authorized programs and activities; and

(5) any other funds acquired by the Institute.

(c) ACCOUNTS.—(1) The Fund shall be organized into two separate accounts as follows:

(A) An account to cover activities of the Institute under section 1359.

(B) An account to cover activities of the Institute under section 1360.

(2) Monies deposited into the Fund shall be credited (as determined by the Board) to the account to which the monies relate.

(d) FUNDING ALLOCATIONS.—Funding of projects and activities under this subtitle shall be subject to the following restrictions:

(1) Of the total amount of funds made available for a fiscal year under this subtitle—

(A) not more than 5 percent may be set aside to be used for authorized administrative expenses of the Institute in carrying out its functions;

(B) not more than 5 percent may be set aside to be used for information collection and dissemination, and technology transfer programs, authorized in this subtitle; and

(C) not less than 85 percent shall be set aside to be awarded to qualified applicants who file project applications with, or respond to requests for proposals from, the Institute under sections 1359 and 1360.

(2) Any funds remaining uncommitted at the end of a fiscal year shall be credited to the Fund and added to the total program funds available to the Institute for the next fiscal year.

(e) PROHIBITION ON CERTAIN USES OF THE FUND.—None of the funds deposited in the Fund may be used for facilities or equipment by recipients of grants or successful bidders for contracts or cooperative agreements.

(f) TERMINATION OF THE FUND.—On expiration of the provisions of this subtitle, all assets (after payment of all outstanding obligations) of the Fund shall revert to the general fund of the Treasury.

(g) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to the Fund for each of the fiscal years 1991 through 1995 such sums as may be necessary to carry out this subtitle. Such sums shall be available without fiscal year limitation until expended.

Subtitle I—Agriculture and Water Policy Coordination

PART 1—SHORT TITLE, DEFINITIONS, WATER QUALITY POLICY, COORDINATION, RESEARCH, AND INFORMATION

SEC. 1364. SHORT TITLE, PURPOSE, DEFINITIONS, AND AUTHORIZATION OF APPROPRIATIONS.

(a) SHORT TITLE.—This subtitle may be cited as the "Agriculture and Water Policy Coordination Act".

(b) PURPOSE.—It is the purpose of this subtitle to ensure—

(1) that the Department of Agriculture develops, implements, and sustains a coordinated, integrated, and comprehensive intra-agency program to protect waters from contamination from agricultural chemicals and production and production practices; and

(2) increased efforts by the Department of Agriculture in extension, technical assistance, and research on the relations between agricultural production and the contamination of water.

(c) DEFINITIONS.—For purpose of this subtitle—

(1) The term "agricultural nitrogen" means nitrogen in all forms (whether manmade, chemical, or biological) which may be present or available for crop production.

(2) The term "contaminant" means any matter which, in its original form or as a metabolite, degradation, or waste product, as a constituent of water may impair the quality of water or may have a potential adverse effect on human health or the environment.

(3) The term "Department" means the United States Department of Agriculture.

(4) The term "Food and Agricultural Councils" means those councils established by the policy of the Secretary in each State and made up of the leaders of programs within each State that represent agriculture.

(5) The term "soil and water conservation committees" refers to the committees established within the respective States by State law and which include the leaders of appropriate State agencies that address soil and water conservation.

(6) The term "Secretary" means the Secretary of Agriculture.

(7) The term "State" means any of the several States, the District of Columbia, the Commonwealth of Puerto Rico, the Commonwealth of the Northern Mariana Islands, American Samoa, Guam, the Virgin Islands, and federally recognized Indian tribes.

(d) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated such sums as may be necessary for fiscal years 1991 through 1995 to carry out this subtitle.

SEC. 1365. WATER POLICY WITH RESPECT TO AGRICHEMICALS.

(a) AUTHORITY.—The Department of Agriculture shall be the principal Federal agency responsible and accountable for the development and delivery of educational programs, technical assistance, and research programs for the users and dealers of agrichemicals to insure that—

(1) the use, storage, and disposal of agrichemicals by users is prudent, economical, and environmentally sound; and

(2) agrichemical users, dealers, and the general public understand the implications of their actions and the potential effects on water.

The Secretary is authorized to undertake such programs and assistance in cooperation with other Federal, State, and local governments and agencies, and appropriate nonprofit organizations. The Secretary shall disseminate the results of efforts in extension, technical assistance, research, and related activities. The Secretary shall undertake activities under this subtitle in coordination with the Office of Environmental Quality in section 1612 of this Act.

(b) PARTICIPATION.—The following agencies shall participate in the Department's water program: the Agricultural Research Service; the Agricultural Stabilization and Conservation Service; the Animal Plant Health Inspection Service; the Cooperative State Research Service in conjunction with the system of State agricultural experiment stations; the Economic Research Service; the Extension Service, in conjunction with State and county cooperative extension services; the Forest Service; the National Agricultural Library; the National Agricultural Statistics Service; the Soil Conservation Service; and other agencies within the Department deemed appropriate by the Secretary.

SEC. 1366. STATE WATER QUALITY COORDINATION PROGRAM.

(a) ESTABLISHMENT.—The Secretary shall require the establishment of a water quality coordination program within each State. To the greatest extent possible, the Secretary shall use the expertise of the food and agricultural councils.

(b) MEMBERSHIP.—Each State water quality coordination program shall involve those departmental agencies that are operating within the State that were identified in section 1365(b). For the purpose of coordination, the State water quality coordination program shall include, should they choose to participate, those State agencies with complementary water program authorities and programs. These State agency members should include the State agencies that are members of the respective State's soil and water conservation committees. The program shall also include the education program coordinator designated under section 1327(b)(2).

(c) PROGRAM LEADER.—The program leader of the State water quality coordination program shall be designated by the Secretary from among the Federal agency representatives in subsection (b).

(d) PURPOSE.—The water quality coordination program within each State shall serve as the focal point for coordinating the Department's water programs with agencies of that State. In addition to other actions, each water quality coordination program shall—

(1) serve as the focal point within the State for the coordination of Department-supported agricultural water programs with the water programs being conducted by other Federal agencies within the State;

(2) coordinate Federal activities within the State with water quality plans developed by that State in accordance with applicable Federal and State laws;

(3) review progress being made on identification and mapping of hydrologic units within that State; and

(4) review the needs of that State to assess the Federal assistance required for State programs to address agricultural sources of water contamination.

(e) ADVISORY PANELS.—The chair of the water quality coordination program in each State may establish an ad hoc advisory panel that shall include farmers, representatives of conservation groups, and advocates of sustainable agricultural practices, agribusiness, chemical and fertilizer industries, agricultural commodities, lending institutions, and trade organizations.

(f) STATE AND REGIONAL RESEARCH PRIORITIES.—The water quality coordination program for each State shall request appropriate representative scientists from the Agricultural Research Service, the State agricultural experiment stations and the agricultural departments of the land-grant universities, to work with the water quality coordination program to establish a prioritized agriculture and water research agenda for the State. This agenda shall address the research topics identified in sections 1367 and 1368 and the concerns or findings established by the activities described in subsection (d)(4). The State research priorities identified under this subsection shall be compiled and reviewed by the appropriate regional and area divisions of the Cooperative State Research Service and the Agricultural Research Service to develop coordinated regional research priorities and shall be included in the report under subsection (g).

(g) REPORTS.—The water quality coordination program in each State will provide the Director of the Office of Environmental Quality established in section 1612 of this Act with an annual report of their accomplishments and the State and regional research priorities identified in subsection (f).

SEC. 1367. WATER QUALITY RESEARCH.

(a) PURPOSES.—It is the purpose of this section to establish a coordinated water quality research program at the Department of Agriculture. In carrying out this section, the Secretary shall undertake efforts to—

(1) reduce the sources of contaminants of surface and ground water resources through the development of farm systems which replace or conserve the use of such contaminants while maintaining farm profitability;

(2) develop information and technologies needed to formulate integrated farm chemical and plant nutrient and animal waste management strategies which avoid contamination of surface and ground water, especially in areas identified by State and Federal monitoring or regulatory efforts as having current or potential water quality problems; and

(3) monitor and better evaluate the extent of water contamination caused by farm chemicals, plant nutrients, and animal wastes.

(b) COORDINATION.—In carrying out this section, the Secretary shall ensure that all activities undertaken are coordinated with other programs within the Department of Agriculture, other Federal agencies, and with State governments.

(c) RESEARCH.—Research projects on water quality funded in whole or in part by the Secretary under this section shall include research to help—

(1) develop farming systems and practices which can prevent water contamination while maintaining and improving profitability, including—

(A) integrated crop management systems,

(B) sustainable agricultural practices,

(C) best management practices for use of plant nutrients and animal wastes,

(D) alternative methods of pest and disease control designed to integrate biological, cultural, host-resistance, and judicious use of pesticides, and

(E) improved methods for the storage, use, and safe disposal of potential contaminants;

(2) improve the understanding of the fate and transport of farm chemicals, plant nutrients, and animal wastes which can contaminate water and cause adverse human or environmental effects;

(3) monitor and evaluate the extent of water contamination from agricultural production methods;

(4) improve the understanding of the relationships between water use and the availability and quality of water;

(5) improve the accuracy of yield and nutrient advisories;

(6) improve the understanding of the ecological and biological aspects of agricultural production;

(7) demonstrate the results of research conducted with funds provided under this section, undertaken in cooperation with the Extension Service, the Soil Conservation Service, and other entities;

(8) reduce water contamination and improve water quality relating to the production of cut roses and other fresh cut flowers; and

(9) meet other critical water quality research needs, as determined by the Secretary.

SEC. 1368. NUTRIENT MANAGEMENT RESEARCH.

(a) IN GENERAL.—The Secretary shall provide for the research and development of nutrient management practices which sustain farm profitability and minimize or abate the negative effects of agricultural nitrogen and other crop nutrients on water quality. To the maximum extent practicable, such research should rely on multidisciplinary teams.

(b) COORDINATION.—The Secretary shall implement the research program in cooperation and coordination with Federal, State, and other appropriate public and private sector entities, including the National Fertilizer and Environmental Research Center.

(c) AREAS OF RESEARCH.—The teams referred to in subsection (a) should be given incentives to work together in researching and developing integrated crop production systems which are more productive, use inputs more efficiently, and are more protective of the environment. Emphasis shall be given to research which considers a whole-farm systems approach to nutrient management practices and the applicability of those practices to integrated crop management systems for sustainable agriculture. Areas of research shall include—

(1) nutrient management and use efficiency;

(2) soil and tissue testing and nutrient availability interactions with specific cropping systems;

(3) plant nutrient needs for nitrogen and elements in intensively managed cropping systems;

(4) enhancement of soil productivity;

(5) varietal and hybrid interactions with plant nutrient requirements and overall crop management;

(6) the relationship of soil microbial activity to nutrient management;

(7) suitability of cover crops in soil protection and nutrient conservation;

(8) the role of crop rotations in intensively managed cropping systems;

(9) legume management for nutrient conservation and environmental protection;

(10) interactions of improved nutrient use efficiency and efficient water use;

(11) nutrient availability interactions with soil physical conditions;

(12) nutrient balance effects on improved nitrogen use efficiency and lowered nitrate carryover in soils;

(13) the importance of subsoil fertility in improved plant yields and nutrient use efficiency; and

(14) other critical areas of research as determined by the Secretary.

SEC. 1369. REPOSITORY OF AGRICULTURE AND WATER QUALITY PLANNING INFORMATION.

The Secretary, through the Director of the National Agricultural Library, shall establish at the Library a repository of the reports developed in response to the provisions of this subtitle. The Library shall also—

(1) compile other planning documents regarding agriculture and water protection produced by the Department and other Federal, regional, and State agencies;

(2) compile and catalog all Federal statutes relevant to the protection of water from agricultural production; and

(3) identify, list, and provide information on access to data bases and information sources on water and agriculture available through the Department, the United States Geological Survey, the Environmental Protection Agency, United States Department of Commerce, the National Oceanic and Atmospheric Agency, the Tennessee Valley Authority, private industry, nonprofit organizations, and other sources.

SEC. 1370. DATA BASE ON STATE PLANS AND PROGRAMS.

(a) ESTABLISHMENT.—The Secretary, through the Director of the National Agricultural Library, and in consultation with relevant efforts underway at the Tennessee Valley Authority, shall establish at the National Agricultural Library an interactive data base on State programs that shall include—

(1) State laws that specifically address the relationships between agricultural production and water quality, and

(2) State programs as compiled by the State water quality coordination programs.

(b) STANDARDIZATION.—The Director of the National Agricultural Library shall collaborate with the Director of the Office of Environmental Quality, the State water quality coordination programs and the Administrators of appropriate departmental agencies, to develop a standardized format for the entry and description of State programs, activities, and their results. The description of these State programs may incorporate information received from the Cooperative State Research Service system and the data bases of the Extension Service. These descriptions shall also include the current status and results of ongoing programs. The listing of State programs shall include programs sponsored by State and other Federal agencies acting within the States. Information shall be categorized in such a manner that it will be possible for interested parties in one State to search and locate information regarding water protection programs in other States.

SEC. 1371. NATIONAL AGRICULTURE AND WATER DATA BASE.

(a) ASSESSMENT.—Within 270 days after the date of enactment, the Secretary shall prepare and submit a report to the Congress on the measures necessary to develop an interactive, descriptive national data base to contain information on agricultural practices and water resources (including research results, monitoring and survey data, pesticide and nutrient use data, and other relevant data bases and information sources relevant to water protection), to be located at the National Agricultural Library. In preparing this report, the Secretary shall—

(1) identify the information required for the development of such an agriculture and water data base and identify the extent to which such information is now collected either publicly or privately;

(2) determine the extent to which such information can be integrated into one data base; and

(3) develop a plan for implementing the development of such a data base.

(b) CONSULTATION.—In preparing the report, the Secretary shall consult as appropriate with the Economic Research Service, the Extension Service, the Cooperative State Research Service, the National Agricultural Statistics Service, the Soil Conservation Service, the United States Geological Survey, the Environmental Protection

Agency, such other public and private persons as the Secretary determines appropriate.

(c) DEVELOPMENT.—After 90 days after the date on which the report is submitted under subsection (a), the Secretary shall initiate the development of the data base in accordance with such report.

PART 2—EXPERIMENTAL WATER QUALITY ENHANCEMENT PROGRAM

SEC. 1372. PROGRAM ELIGIBILITY.

(a) PROGRAM.—During the 1991 through 1995 crop years, the Secretary shall formulate and carry out an experimental water quality enhancement program, in accordance with this part, through agreements to assist owners and operators of a farm or ranch pursuant to a program under section 319 of the Federal Water Pollution Control Act (33 U.S.C. 1329) or in a water quality project area, as designated by the Secretary, to minimize ground and surface water contamination from agricultural production practices and improve the quality of the water resources on their farms, and ranches.

(b) AGREEMENTS.—The Secretary shall enter into agreements with owners and operators of farms and ranches contributing to identified water quality problems in the designated areas.

(c) OTHER LAND AND MANAGEMENT PRACTICES.—The Secretary may include in the program established under this part lands that are not located within the designated or approved areas but that are located such that if permitted to continue to operate under existing management practices would defeat the purpose of the program.

(d) WATER QUALITY MANAGEMENT PLAN.—Under the program established by this part, the Secretary shall formulate a water quality management plan to include the entire farming or ranching operation for farms or ranches subject to agreements under this part.

(e) DURATION OF AGREEMENT.—For the purposes of carrying out this part, the Secretary shall enter into agreements of not less than 3, nor more than 5, years.

SEC. 1373. DUTIES OF OWNERS AND OPERATORS.

(a) IN GENERAL.—Under the terms of the agreement entered into under this part, during the term of such agreement, an owner or operator of a farm or ranch must agree—

(1) to implement a water quality management plan approved by the local conservation district (or in an area not located within a conservation district, a plan approved by the Secretary) for improving the water quality by efficient use of nutrients and pesticides through the use of best management practices to minimize adverse impacts on water quality;

(2) to implement a water quality management plan subject to the agreement established under section 1372;

(3) to consider recommendations of application rates and disposal methods of nutrients, pesticides, and animal waste materials as recommended by the Secretary, or designee;

(4) to accurately certify nutrient, pesticide and animal waste materials usage rates for three previous years on applicable areas;

(5) to supply production evidence, well test results, soil tests, tissue tests, nutrient application levels, pesticide application levels, and animal waste material usage levels, to the county committee established under section 8(b) of the Soil Conservation and Domestic Allotment Act (16 U.S.C. 590h(b)) for the county in which the farm is administratively located (hereafter in this section referred to as the "county committee") for each year of the agreement as determined necessary by the Secretary of Agriculture;

(6) on the violation of a term or condition of the agreement at any time the owner or operator has control of the land to be ineligible for any price support, payment, or other assistance specified in section 1611 or 1621 of this Act during that crop year;

(7) on the transfer of the right and interest of the owner or operator in land subject to the agreement, unless the transferee of such land agrees with the Secretary to assume all obligations of the agreement, to forfeit all rights to exceed permitted acres or reduced set aside under annual commodity programs, as determined by the Secretary;

(8) not to conduct any practice on the farm or ranch specified by the Secretary in the contract as a practice that would tend to defeat the purposes of this part; and

(9) to comply with such additional provisions as the Secretary determines are desirable and are included in the agreement to carry out this part or to facilitate the practical administration thereof.

(b) BEST MANAGEMENT PRACTICES.—The water quality management plan referred to in subsection (a)(1) shall set forth the best management practices to be carried out by the owner or operator during the term of the contract.

SEC. 1374. DUTIES OF THE SECRETARY.

In return for an agreement entered into by an owner or operator under this part, the Secretary shall, as the Secretary determines appropriate—

(1) reduce the required reductions in set aside;

(2) increase the permitted acreage of program crops except quota or allotment crops;

(3) during the agreement period calculate and provide any applicable program deficiency payments based upon the greater of the established yield or actual yield for the crop land subject to the agreement;

(4) not require structural practices as a requirement to participate in this subtitle;

(5) encourage the participant to obtain cost share assistance under other Federal, State, or local cost share programs;

(6) offer the participant a loan provided for in section 4(h) of the Commodity Credit Corporation Charter Act (15 U.S.C. 714(h)), to implement the water quality management plan or to perform the well test; and

(7) provide technical assistance to assist the owner or operator in carrying out the terms of the agreement.

SEC. 1375. WATER QUALITY MANAGEMENT PLANS.

(a) LIMITATION.—No plan shall be required under this part that requires above normal expenditures by owners or operators unless—

(1) cost shares are assured under available programs;

(2) loans are provided under title XII; and

(3) such expenditures are agreed to by the owner or operator.

(b) OPERATIONS INCLUDED.—All farm and ranch operations shall be included in the water quality management plan including (but not limited to)—

(1) livestock;

(2) cropping;

(3) packaging or processing;

(4) shipping;

(5) waste disposal; and

(6) excess dairy products.

SEC. 1376. AGREEMENTS.

(a) TRANSFER OF LAND.—If during the term of the agreement entered into under this part an owner or operator of land subject to such agreement sells or otherwise transfers the ownership or right of occupancy of such land, the new owner or operator of such land may—

(1) continue such agreement under the same terms and conditions;

(2) enter into a new agreement in accordance with this part; or

(3) elect not to participate in the program established by this part.

(b) MODIFICATION.—The Secretary may modify a contract entered into with an owner or operator under this part if—

(1) the owner or operator agrees to such modification; and

(2) the Secretary determines that such modification is desirable—

(A) to carry out this part;

(B) to facilitate the practical administration of this part; or

(C) to achieve such other goals as the Secretary determines are appropriate, consistent with this part.

(c) TERMINATION.—The Secretary may terminate an agreement entered into with an owner or operator under this part if—

(1) the owner or operator requests such termination; or

(2)(A) the owner or operator violates the terms and conditions of the agreement; and

(B) the Secretary determines that such termination would be in the public interest.

Subtitle J—Miscellaneous Research Provisions

SEC. 1377. BIOTECHNOLOGY RISK ASSESSMENT RESEARCH.

(a) FINDINGS.—Congress finds the following:

(1) Rapid advances in the application of biotechnology to agriculture have resulted, and will continue to result, in the development of products whose research, evaluation, and commercial use require introduction into the environment.

(2) Additional scientific information regarding the effects of the introduction of genetically engineered organisms into the environment, and the development of methods to contain and monitor such introductions, are needed to—

(A) help researchers to make sound judgments regarding the overall environmental impacts of genetically engineered organisms they develop and to design projects that minimize any risks associated with the introduction of such genetically engineered organisms; and

(B) help regulators make scientifically sound and timely decisions regarding the introduction of genetically engineered organisms.

(b) PURPOSE.—It is the purpose of this section to—

(1) authorize and support environmental assessment research to the extent necessary to help address general concerns about environmental effects of biotechnology; and

(2) authorize research to help regulators develop policies, as soon as practicable, concerning the introduction into the environment of such technology.

(c) GRANT PROGRAM.—The Secretary of Agriculture shall establish a grant program within the Cooperative State Research Service and the Agricultural Research Service to provide the necessary funding for environmental assessment research concerning the introduction of genetically engineered organisms into the environment.

(d) TYPES OF RESEARCH.—Types of research for which grants may be made under this section shall include the following:

(1) Research designed to develop methods to physically and biologically contain genetically engineered animals, plants, and microorganisms once they are introduced into the environment.

(2) Research designed to develop methods to monitor the dispersal of genetically engineered animals, plants, and microorganisms.

(3) Research designed to further existing knowledge with respect to the rates and methods of gene transfer that may occur between genetically engineered organisms and related wild and agricultural organisms.

(4) Other areas of research designed to further the purposes of this section.

(e) ELIGIBILITY REQUIREMENTS.—Grants under this section shall be—

(1) made on the basis of the quality of the proposed research project; and

(2) available to any public or private research or educational institution or organization.

(f) CONSULTATION.—In considering specific areas of research for funding under this section, the Secretary of Agriculture shall consult with the Administrator of the Animal and Plant Health Inspection Service, the Office of Agricultural Biotechnology, and the Agricultural Biotechnology Research Advisory Committee.

(g) PROGRAM COORDINATION.—The Secretary of Agriculture shall coordinate research funded under this section with the Office of Research and Development of the Environmental Protection Agency in order to avoid duplication of research activities.

(h) AUTHORIZATION OF APPROPRIATIONS.—(1) There are authorized to be appropriated such sums as necessary to carry out this section.

(2) The Secretary of Agriculture shall withhold from outlays of the Department of Agriculture for research on biotechnology, as defined and determined by the Secretary, at least one percent of such amount for the purpose of making grants under this section for research on biotechnology risk assessment.

SEC. 1378. GRADUATE SCHOOL OF THE UNITED STATES DEPARTMENT OF AGRICULTURE.

(a) TRAINING AGREEMENTS AUTHORIZED.—Notwithstanding any other provision of law, the head of a Federal agency or major organizational unit within any agency, including agencies and offices within the Department of Agriculture, may place an order, or enter into an agreement, with the Graduate School of the United States Department of Agriculture (hereafter in this section referred to as the "Graduate School") under the provisions of section 1535 of title 31, United States Code, for

training as defined in section 4101 of title 5, United States Code, and for other services incidental to the provision of such training.

(b) PROCUREMENT OF GOODS AND SERVICES BY SCHOOL.—The Graduate School may obtain any goods or services necessary to the fulfillment of such order or its obligations under such agreement without regard to the requirements of the Federal Property and Administrative Services Act of 1949 (40 U.S.C. 471 et seq.), or any other law that prescribes procedures for the procurement of property or services by an executive agency.

(c) AVAILABILITY OF RECORDS.—The financial records of the Graduate School relating to such orders or agreements shall be made available to the Comptroller General of the United States for purposes of conducting an audit.

SEC. 1379. PESTICIDE IMPACT RESPONSE PROGRAM.

(a) PURPOSE.—It is the purpose of this section to establish, manage, and coordinate, through a Pesticide Impact Response Program, the collection and analysis of information by the Department of Agriculture and States—

(1) on pesticide use in agricultural activities; and

(2) the impact of pesticide regulations, as proposed and implemented under the Federal Insecticide, Fungicide, and Rodenticide Act (7 U.S.C. 136 et seq.) on the agricultural economy, including the impact on the production and prices of agricultural commodities and retail food prices.

(b) BOARD OF PESTICIDE ASSESSMENTS.—The Secretary shall appoint a Board of Pesticide Assessments to provide advice on the policies, priorities, and operations of the staff for, and projects carried out under, the program established in this section. The Board shall be chaired by an appropriate policy level official of the Department of Agriculture.

(c) MEMBERSHIP OF BOARD.—The Board shall consist of the following members:

(1) The Director of the Pesticide Impact Response Program.

(2) A representative of each of the following:

(A) Agricultural Research Service.

(B) Cooperative State Research Service.

(C) Economic Research Service.

(D) Extension Service.

(E) Other agencies as deemed necessary by the Secretary.

(d) PROGRAM STAFF.—(1) The Secretary shall appoint staff as necessary with the appropriate scientific and technical expertise needed to carry out the purposes of the program.

(2) At the request of the Director, the head of any Federal agency may detail to the staff, or to any project administered or coordinated under the program personnel of such agency.

(e) DIRECTOR.—(1) The staff of the program shall be headed by a Director appointed by the Secretary.

(2) The Director shall have the authority and responsibility to—

(A) establish the priorities of the program required by subsection (f); and

(B) coordinate the activities of agricultural agencies under the Assistant Secretary for Science and Education with the activities of other agencies of the Department of Agriculture in order to support the policies of the Department on pesticides.

(f) PESTICIDE IMPACT RESPONSE PROGRAM.—The Secretary, acting through the Board, shall—

(1) establish and conduct a program to be known as the Pesticide Impact Response Program, to assess—

(A) the benefits of pesticides used in agricultural activities; and

(B) the impact of pesticide regulations and actions of the Administrator of the Environmental Protection Agency;

(2) develop a memorandum of understanding with the Administrator of the Environmental Protection Agency, to assure that pesticide assessments developed under the program are—

(A) suitable to the needs and requirements of the Environmental Protection Agency;

(B) of sufficient quality to be publishable works of research; and

(C) released in a timely manner with respect to proposed Environmental Protection Agency regulations;

(3) develop an understanding and a mechanism to assist the Administrator of the Environmental Protection Agency, when the Administrator is developing a suspension order under section 6 of the Federal Insecticide, Fungicide, and Ro-

denticide Act (7 U.S.C. 136d), in developing benefits and use data regarding the pesticide and information on exposure;

(4) participate in establishing data collection priorities under section 1380 in order to satisfy any requirements or priorities relevant to the program;

(5) consult with the Administrator of the Environmental Protection Agency in order to anticipate actions that may entail the cancellation, restriction, or reclassification of pesticides used in agricultural activities.

(g) REPORTS.—(1) Not later than one year after the date of the enactment of this Act, the Director shall prepare a five-year planning report on the priorities of the program (including the priorities established by the Director) for the five-year period beginning on the date of enactment of this Act. The report required under this paragraph shall be updated for each five-year period thereafter.

(2) The Director shall periodically or as necessary prepare reports and bulletins or issue notices on the extent and nature of the regulatory activities of the Environmental Protection Agency that may result in the cancellation, restriction, or reclassification of pesticides, or otherwise limit their availability or use in agricultural activities. The Secretary shall make such information available to Congress and relevant agricultural crop and commodity groups potentially affected by the cancellation, restriction, and reclassification of a specific pesticide.

(h) DEFINITIONS.—For purposes of this section—

(1) The term "Director" means the Director of the staff of the Pesticide Impact Response Program.

(2) The term "Board" means the Board of Pesticide Assessments.

(3) The term "program" means the Pesticide Impact Response Program established under this section.

(4) The term "Secretary" means the Secretary of Agriculture.

SEC. 1380. COLLECTION OF PESTICIDE USE INFORMATION.

(a) COLLECTION REQUIRED.—The Secretary of Agriculture shall collect data of statewide significance on the use of pesticides to control pests and diseases of major crops and crops of dietary significance, as determined by the Secretary. Such data shall be collected by surveys of farmers or from other sources offering statistically reliable data.

(b) PREPARATION AND AVAILABILITY.—(1) The Secretary of Agriculture shall ensure that the information collected under this section also satisfies the priorities and requirements specified in section 1379 to the extent the Secretary determines necessary.

(2) Pesticide use information collected under this section shall be—

(A) submitted to the Director of the Pesticide Impact Response Program; and

(B) made available to the public through the National Agricultural Library and other sources as appropriate.

(c) TIME FOR COLLECTION.—Pesticide use information required to be collected by this section shall be collected and updated in a timely manner consistent with the needs and purposes established under section 1379.

SEC. 1381. DISPOSAL OF AGRICULTURAL CHEMICALS AND AGRICULTURAL CHEMICAL CONTAINERS.

The Secretary of Agriculture shall direct the Extension Service to operate a program in each State to catalogue the Federal, State, and local laws and regulations which govern the disposal of unused or unwanted agricultural chemicals and agricultural chemical containers in such State. The program established under this section shall also make available to producers of agricultural commodities and the general public, and provide upon request, educational materials developed or collected by the program.

SEC. 1382. NATIONAL FARM SAFETY STUDY.

(a) STUDY REQUIRED.—(1) The Secretary of Agriculture, acting through the Economic Research Service and the National Agricultural Statistics Service, shall conduct a nationwide study of the frequency and the types of agricultural accidents resulting in physical injuries that involve farmers, ranchers, and their employees.

(2) In conducting the study, the Secretary shall analyze agricultural accidents involving the following:

(A) Farm equipment and machinery.

(B) Agricultural chemicals.

(C) Livestock.

(D) Farm buildings.

(3) The study shall differentiate between accidents occurring on farms that are related to agricultural-related employment and those accidents occurring on farms that are not related to agricultural employment.

(b) CONSULTATION.—To provide a comprehensive data base for the study required by this section, the Secretary of Agriculture shall consult with existing informational sources on accidents, such as the National Safety Council, the National Institute of Occupational Safety and Health, equipment manufacturers, agricultural producer organizations, State departments of agriculture, health or labor, insurance companies, and other persons, as determined necessary and appropriate by the Secretary.

(c) GRANTS.—To assist the Secretary of Agriculture in the conduct of the study required by this section, the Secretary shall make special grants under section 2(c)(1) of the Act of August 4, 1965 (7 U.S.C. 450i(c)(1)), to public and private institutions to—

(1) gather and provide relevant regional information on agricultural accidents; and

(2) perform such other tasks as determined by the Secretary to be needed to acquire and analyze the information required to be collected under subsection (a).

(d) USE OF COLLECTED INFORMATION.—(1) The Secretary of Agriculture shall use the information gathered pursuant to subsection (a) to instruct the Extension Service of the adequacy or deficiency of existing farm safety programs operating within various regions of the country.

(2) The Secretary, acting through the Extension Service, and in cooperation with agricultural organizations, State departments of agriculture, machinery manufacturers, and land-grant universities, shall coordinate and disseminate information relating to farm safety programs to farmers, ranchers, and their employees.

(e) CENSUS OF AGRICULTURE.—The Secretary of Agriculture shall request the Secretary of Commerce to include questions relating to agricultural accidents and farm safety in the 1992 Census of Agriculture.

(f) SUBMISSION TO CONGRESS.—Not later than January 1, 1992, the Secretary shall submit a report to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate describing the findings and recommendations of the study required by this section.

SEC. 1383. PLANT GENOME MAPPING PROGRAM.

(a) PROGRAM REQUIRED.—The Secretary of Agriculture (hereafter in this section referred to as the "Secretary") shall conduct a research program for the purpose of—

(1) supporting basic and applied research and technology development in the area of plant genome structure and function;

(2) providing United States leadership in biotechnology; and

(3) providing crop varieties that may be cultivated profitably without negatively impacting the environment.

(b) COMPETITIVE GRANTS.—The Secretary may make competitive grants, for periods not to exceed five years, to State agricultural experiment stations, all colleges and universities, other research institutions and organizations, Federal agencies, private organizations or corporations, and individuals for research projects in the research areas identified in subsection (c).

(c) RESEARCH AREAS.—Grants available under subsection (b) shall be awarded in the following research areas:

(1) Construction of plant genome maps.

(2) Identification, characterization, transfer, and expression of genes of agricultural importance.

(3) Technology development in the areas of plant genome mapping, sequencing, gene transfer, and data management.

(4) Research on microorganisms associated with plants, such as plant pathogens and plant symbionts.

(d) PLAN FOR MAKING GRANTS.—Not later than 90 days after the date of the enactment of this Act, the Secretary shall submit to the Congress a detailed plan for awarding grants under this section.

(e) COORDINATION OF EFFORTS.—The Secretary shall coordinate activities under this section with related activities sponsored by the National Science Foundation, the National Institutes of Health, the Department of Energy, and the Department of Commerce.

(f) PROPRIETARY INTERESTS.—The Secretary shall require (when the Secretary considers it to be appropriate) licensing and patent agreements, copyright fees, royal-

ties, or other fee arrangements on the sales of products and new uses, applications, technologies, or processes developed through assistance provided under this section.

(g) REPORTS.—The Secretary shall submit to the Congress an annual report describing the operations of the grant program authorized by this section during the preceding fiscal year.

(h) AUTHORIZATIONS OF APPROPRIATIONS.—There are authorized to be appropriated such sums as may be necessary to carry out this section.

SEC. 1384. COMPOSTING RESEARCH AND EXTENSION PROGRAM.

(a) FINDINGS.—Congress finds the following:

(1) Composting of agricultural wastes can help prevent contamination of water supplies and alleviate waste removal burdens on farmers.

(2) The Department of Agriculture should support an agricultural waste management hierarchy emphasizing—

(A) source reduction;

(B) applying certain agricultural wastes directly to the soil;

(C) recovery and reuse of valuable elements, such as starches, fats, and oils;

(D) composting of wastes following separation of valuable elements; and

(E) safe disposal of waste which cannot be reused or composted.

(3) Compost can be a safe and useful soil additive which can help to stabilize and enrich soil, prevent erosion of farm lands, and reduce the need for chemical fertilizers.

(4) The use of compost as a substitute for other soil additives can help avoid the depletion of raw materials and protect the environment.

(5) The Department of Agriculture is uniquely qualified to research appropriate uses and markets for compost.

(6) The Federal Government, acting through the Department of Agriculture, should help facilitate the use of compost.

(b) PURPOSE.—It is the purpose of this section to require the Secretary of Agriculture to identify appropriate methods of composting agricultural wastes and potential uses for such compost.

(c) ESTABLISHMENT OF COMPOST TASK FORCE.—(1) Not later than six months after the date of the enactment of this Act, the Secretary of Agriculture (hereafter in this section referred to as the "Secretary") shall establish a Compost Task Force, which shall meet at least four times annually.

(2) The Compost Task Force shall consist of 15 members, appointed by the Secretary from—

(A) representatives of the Department of Commerce, the Environmental Protection Agency, the Department of the Interior, the Food and Drug Administration, the United States Trade Representative, Federal Highway Administration, States with laws on composting; and

(B) representatives of agricultural interests (including livestock, forestry, fishing, nursery, horticulture, vineyard, and orchard interests), landscapers and builders, the composting industry, microbiological scientists, food and fiber processors, food service industries, public interest groups, and manufacturers of consumer product packaging.

(3) The Secretary shall serve as the chairperson of the Compost Task Force.

(4) In its deliberations, the Compost Task Force shall consult regularly with and solicit recommendations from the agencies, organizations, and entities referred to in paragraph (2).

(5) Section 14(a)(2) of the Federal Advisory Committee Act (5 U.S.C. App.) shall not apply with respect to the Compost Task Force.

(d) COMPOSTING STUDIES AND RESEARCH.—(1) The Secretary, in consultation with the Compost Task Force, shall conduct a study of processes for composting agricultural wastes. The study required under this paragraph shall include evaluation of composting wastes resulting from the production, processing, and distribution of food, fiber, forestry, livestock, and fish products.

(2) The Secretary, in consultation with the Compost Task Force, shall conduct research on potential uses for compost derived from agricultural wastes, and from other waste streams as appropriate, and identify domestic and international markets for such compost. The research required under this paragraph shall include evaluation of the application of compost derived from agricultural wastes on soil, plants, and food and fiber crops.

(3) The Secretary shall assemble (and submit to the Congress) a catalogue of laws, rules, and programs adopted by State and local governments, and foreign countries, that—

(A) establish standards for compost quality;
(B) set definitions for processing, handling, or using compost, or
(C) otherwise affect the production or use of compost.

(e) COMPOSTING EXTENSION PROGRAM.—(1) Beginning not later than one year after the date of the enactment of this Act, the Secretary shall initiate extension efforts (including seminars, demonstration projects, and dissemination of materials) to inform the agricultural community and the general public regarding—

(A) the desirability and safety of compost derived from agricultural wastes;
(B) on-farm and other composting techniques; and
(C) procedures for using compost.

(2) The Secretary shall consider designating composting as a farm conservation practice eligible for cost-sharing.

(f) INTER-AGENCY AGREEMENTS ON COMPOSTING.—Not later than six months after the date of the enactment of this Act, the Secretary shall undertake efforts to enter into agreements with appropriate Federal agencies, including the Federal Highway Administration and the Department of the Interior, to identify opportunities for applying compost on Federal lands.

(g) PUBLICATION OF FINDINGS.—The Secretary shall publish, and disseminate to all entities which receive United States Department of Agriculture funding, the results of the activities of the Secretary under subsection (d). Such publications shall contain technical and economic information useful to the public concerning composting techniques and uses for compost.

(h) REPORTS TO CONGRESS.—(1) Not later than six months after the date of the enactment of this Act, and every one year thereafter, the Secretary shall submit to the Congress a report on compliance with this section.

(2) The Secretary shall include in each report a description of the results of any study or research conducted under subsection (d) during the period covered by the report.

SEC. 1385. AFLATOXIN RESEARCH PROGRAM.

The Secretary of Agriculture shall conduct a research program for the purpose of determining the presence of aflatoxin in the food and feed chains. The research required under this section shall include research in the following areas:

(1) The examination of agricultural commodities, products, and feeds for the presence and quantity of aflatoxin.

(2) The examination of human populations to assess the exposure level to aflatoxin.

(3) The examination of safe levels of aflatoxin in the food and feed chains.

(4) The development and assessment of control methods for aflatoxin, including methods to handle, store, detoxify, and dispose of aflatoxin-contaminated agricultural commodities, products, and feeds.

(5) The development of effective methods of controlling the aflatoxin contamination of agricultural products in international trade when the level of such contamination exceeds an acceptable level.

(6) The development of plants resistant to aflatoxin contamination.

(7) The improvement of sampling and analysis methods for aflatoxin.

(8) The effect of aflatoxin on animal disease through immunosuppression and interaction with other disease agents.

(9) The economic consequences of aflatoxin contamination.

SEC. 1386. AGRICULTURAL TELECOMMUNICATIONS PROGRAM.

(a) PURPOSE.—The program (hereafter referred to in this section as the "program") established under this section is intended to encourage the development and utilization of an agricultural communications network to facilitate and to strengthen agricultural extension, resident education and research, and domestic and international marketing of United States agricultural commodities and products through a partnership between eligible institutions and the Department of Agriculture. The network will employ satellite and other telecommunications technology to disseminate and to share academic instruction, cooperative extension programming, agricultural research, and marketing information.

(b) OBJECTIVES.—The objectives of the program established under this section are—

(1) to make optimal use of available resources for agricultural extension, resident education, and research by sharing resources between participating institutions;

(2) to improve the competitive position of United States agriculture in international markets by disseminating information to producers, processors, and researchers;

(3) to train students for careers in agriculture and food industries;

(4) to facilitate interaction among leading agricultural scientists;

(5) to enhance the ability of United States agriculture to respond to environmental and food safety concerns; and

(6) to identify new uses for farm commodities and to increase the demand for United States agricultural products in both domestic and foreign markets.

(c) DEFINITIONS.—For purposes of this section—

(1) The term "eligible institution" means an accredited institution of higher education determined by the Secretary to be able to meet the objectives identified in subsection (b).

(2) The term "communications network" refers to television or cable television origination or distribution equipment, signal conversion equipment (including both modulators and demodulators), computer hardware and software, programs or terminals, or related devices, used to process and exchange data through a telecommunications system in which signals are generated, modified, or prepared for transmission, or received, via telecommunications terminal equipment or via telecommunications transmission.

(3) The term "delivery" means the transmission and reception of programs by facilities that transmit, receive, or carry data between telecommunications terminal equipment at each end of a telecommunications circuit or path.

(4) The term "facilities" includes microwave antennae, fiberoptic cables and repeaters, coaxial cables, communications satellite ground station complexes, copper cable electronic equipment associated with telecommunications transmission, and similar items as defined by the Secretary.

(5) The term "satellite ground station complex" includes transmitters, receivers, and communications antennae at the Earth station site together with the interconnecting terrestrial transmission facilities (including cables, line, or microwave facilities) and modulating and demodulating equipment necessary for processing traffic received from the terrestrial distribution system prior to transmission via satellite and the traffic received from the satellite prior to transfer to terrestrial distribution systems.

(d) AUTHORIZATION OF ASSISTANCE TO ELIGIBLE INSTITUTIONS.—(1) The Secretary shall establish a program, to be administered by the Assistant Secretary for Science and Education, under which financial and technical assistance may be provided to eligible institutions that participate in a network that distributes programs consistent with the objectives described in subsection (b).

(2) The Secretary may approve all or part of any application submitted by an eligible institution if the proposed activity will contribute, directly or indirectly, to the purpose and objectives of the program established under this section.

(3) As provided in subsection (f), applications for financial assistance may include requests to fund program production or program delivery, or both.

(e) PRIORITY.—The Secretary, in considering applications for assistance under this program, shall establish procedures to ensure a broad dissemination of programming, giving a preference to applications that—

(1) are submitted by institutions affiliated with an established agricultural telecommunications network that distributes programs to a wide geographical area; or

(2) demonstrate the need for such assistance, taking into consideration the relative needs of all applicants and the financial ability of the applicants to otherwise secure or create the telecommunications system.

(f) APPLICATIONS FOR PROGRAM PRODUCTION AND DELIVERY.—(1) The Secretary shall consider applications for financial assistance for the production and delivery of programs or cooperative extension, academic instruction in agriculture, agricultural research, and other topics consistent with the objectives described in subsection (b).

(2) Eligible institutions shall request assistance by submitting applications to the Assistant Secretary for Science and Education. Applications shall include—

(A) a detailed description of the telecommunications network and programming proposed to be produced and delivered, including to whom the programming will be distributed, how the programming will contribute to achieving the objectives described in subsection (b), and the total cost of producing and delivering such programming;

(B) the amount of assistance requested for the proposed program authorized under this section and other sources of funding that will be used for the proposed program; and

(C) an analysis of the costs and benefits of purchasing (or leasing) different types of facilities, equipment, components, hardware and software, or other items.

(g) LIMITATIONS ON ASSISTANCE.—(1) The Secretary may provide funds totaling not more than 50 percent of the cost of a proposal for which an application is submitted under subsection (f). Notwithstanding the preceding sentence, the Secretary may provide funds totaling up to 100 percent of the cost of such a proposal if the Secretary determines that an eligible institution would otherwise be unable to carry out the proposal.

(2) The Secretary may allocate not more than 10 percent of the funds appropriated under this section for the acquisition and installation of telecommunications transmission facilities.

(h) AUTHORIZATION OF APPROPRIATIONS.—For the purposes of implementing the program established under this section, there are hereby authorized to be appropriated not more than $12,000,000 for each of the fiscal years 1991 through 1995.

SEC. 1387. STUDY OF THE TRANSPORTATION OF FERTILIZER AND AGRICULTURAL CHEMICALS TO FARMERS.

(a) STUDY.—The Secretary of Agriculture, acting through the Office of Transportation of the Department of Agriculture, shall conduct a study regarding the transportation of fertilizer, agricultural crop protection chemicals, and agricultural use hazardous materials such as fuel, to the farm. Such study shall include a review and analysis of—

(1) the transportation of fertilizer, fuels (such as liquid propane gas, diesel, gasoline heating oil, methane and others), and agricultural crop protection chemicals to farms by farmers, hired farm labor, and agribusiness, including—

(A) safety practices used, the nature of the equipment used, roads traveled and employees engaged in such transportation; and

(B) any significant distinctions between transportation by retail dealers and transportation by farmers;

(2) Federal and State requirements imposed on the transportation of fertilizer, fuels, and agricultural crop protection chemicals by farmers, hired farm labor, and agribusiness retail dealers to farms (and exemptions, exclusions or waivers authorized under such requirements), including—

(A) commercial driver's license requirements;

(B) driver qualification requirements;

(C) alcohol and drug testing requirements; and

(D) worker safety requirements.

(3) the compliance by farmers and retail dealers and their employees with such Federal and State requirements and the costs associated with compliance;

(4) the safety history associated with the transport of fertilizers, fuel, and crop protection chemicals by farmers and retail dealers and their employees; and

(5) the impact on rural communities, employment, and the cost and availability of fertilizer, fuel, and agricultural crop protection chemicals associated with complying with such Federal and State requirements.

(b) REPORT.—Not later than 18 months after the date of the enactment of this Act, the Secretary shall publish a report of such study and analyses (including comments on the adequacy of existing Federal and State requirements or exemptions) and submit the report to Congress.

(c) AUTHORIZATION OF APPROPRIATIONS.—For the purpose of fulfilling the study, analyses, and reporting requirements under this section, there is hereby authorized to be appropriated not more than $75,000.

SEC. 1388. SPECIAL GRANT TO STUDY CONSTRAINTS ON AGRICULTURAL TRADE.

(a) GRANT REQUIRED.—The Secretary of Agriculture shall provide at least two special grants to land-grant colleges and universities to conduct a study that will evaluate the trade impacts of technical barriers, quality factors, and end-use characteristics in agricultural trade to determine whether such factors are consistent as between commodities. Such study shall be conducted with the objective—

(1) to identify and analyze constraints related to end-use characteristics in trade and competition;

(2) to design production and processing techniques to lessen their impacts; and

(3) to identify public policy alternatives, nationally and internationally, that may reduce the impacts of such trade restrictions.

(b) JOINT DEVELOPMENT.—The Secretary shall ensure that the grants provided for in this section provide for the joint development of the methodology and techniques between the recipients of such grants to meet the objectives set forth in subsection (a).

(c) REPORT.—Not later than 18 months after the date of the enactment of this Act, the Secretary shall report the results of the study grants under subsection (a) to the

Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate.

(d) LAND-GRANT COLLEGES AND UNIVERSITIES DEFINED.—For purposes of this section, the term "land-grant colleges and universities" has the meaning given to that term in section 1404(10) of the National Agricultural Research, Teaching, and Extension Policy Act of 1977 (7 U.S.C. 3103(10)).

SEC. 1389. SPECIAL GRANTS FOR MESQUITE AND PRICKLY PEAR RESEARCH.

(a) MESQUITE RESEARCH PROGRAM.—(1) The Secretary of Agriculture (hereafter in this section referred to as the "Secretary") shall conduct a research program for the purpose of developing enhanced production methods and commercial uses of mesquite.

(2) The Secretary shall make competitive grants, for periods not to exceed 5 years, to a State agricultural experiment station, State land-grant college or university, or a consortium of such entities, for a research project in the research areas identified in paragraph (3).

(3) A grant available under paragraph (2) shall be awarded to an applicant to conduct research in—

(A) the development of techniques to produce, from small-diameter, short-length, or otherwise irregular mesquite logs, solid-wood products useful as flooring, furniture parts, turning blanks, and such other uses as may have potential economic value;

(B) the development of management techniques designed to improve stands for quality lumber production from mesquite; and

(C) such other methods of production, harvesting, processing, and marketing that are designed to provide viable markets for mesquite and lead to the commercialization of mesquite as a cash crop.

(4) There are authorized to be appropriated $100,000 for each of the fiscal years 1991 through 1995 to carry out this subsection.

(b) PRICKLY PEAR PROGRAM REQUIRED.—(1) The Secretary shall conduct a research program for the purpose of investigating enhanced genetic selection and processing techniques of prickly pears.

(2) The Secretary shall make competitive grants, for periods not to exceed 5 years, to a State agricultural experiment station, State land-grant college or university, or a consortium of such entities, for research projects in the research areas identified in paragraph (3).

(3) A grant available under paragraph (2) shall be awarded to an applicant to conduct research—

(A) to investigate, through genetic selection, the development of varieties of prickly pear with improved growth, freeze tolerance, and harvest characteristics;

(B) to develop techniques to produce and process prickly pear as a food source; and

(C) to continue to investigate the nutritional value and health benefits of prickly pears.

(4) There are authorized to be appropriated $100,000 for each of the fiscal years 1991 through 1995 to carry out this subsection.

(c) RESEARCH REVIEW.—Research funded under this section shall be subject to peer review at the end of the second and fourth year of such research, for the purpose of reviewing the progress and efficacy of the research and the justification and need for continued funding.

SEC. 1390. NATIONAL CENTERS FOR AGRICULTURAL PRODUCT QUALITY RESEARCH.

(a) FINDINGS.—Congress finds the following:

(1) There is growing concern among consumers, both in the United States and in its trading partners, about the safety and wholesomeness of their food. This concern centers on health effects from chemical residues in food, microbial contamination, and normal constituents of food that compromise health. The sources of possible concern begin with production and include processing, transportation, storage, and marketing of food supplies.

(2) The Department of Agriculture is responsible for research and education that supports the development and use by the Department of new knowledge and technology aimed at reducing the real and perceived concerns about food safety by quantitatively evaluating risk, defining new methods for detection and prevention of factors that compromise agricultural product quality, assessing consumer attitudes and preferences, and assuring the timely transfer and adoption of new technology.

(3) Current research and extension programs of the Department have been enhanced to address these concerns, but there remains a need for an expanded effort that should be undertaken in the immediate future.

(4) In addition to existing funding mechanisms, which may be increased to address specific issues, there is need for regional centers for agricultural product quality research.

(b) PURPOSES.—The purposes of the national centers for agricultural product quality research shall be to—

(1) serve as regional or commodity specific agricultural product quality research and education focal points involving one or more university and Federal participants;

(2) take advantage of opportunities, and establish linkages between universities and other entities with expertise, in basic biology and engineering, the development of new technology, the application of technology to practice, and related quality assurance and regulatory activities;

(3) develop and enhance explicit relationships (including the possible sharing of the cost of center operations) between the research and development community, the Department, and other Federal agencies, and with all aspects of the involved industries;

(4) provide a mechanism for dealing with the safety and wholesomeness of new food products and processes that use biotechnology (including transgenic plants and animals);

(5) provide factual public information about agricultural product quality and wholesomeness on a continuing basis; and

(6) where appropriate, build on existing institutional strengths and commitments to address issues relating to agricultural product quality and wholesomeness and on demonstrated capability to effectively link with operational units of the Department, other Federal agencies, and private industry.

(c) CHARACTERISTICS OF CENTERS.—(1) The centers shall be regional based units that conduct a broad spectrum of research, development, and education programs to assure the safety and wholesomeness of food through the prevention, detection, and modification of processes and products involved in the food chain that potentially compromise agricultural product quality and wholesomeness.

(2) The centers shall involve multidisciplinary and interdisciplinary approaches to the development of new knowledge and technology. The centers may include multiinstitutional linkages between universities or related Federal laboratories.

(3) The centers shall serve as a management focal point for grants that deal with agricultural product quality research, extension, and teaching, including the provision of mechanisms for sharing resources between cooperating institutions and laboratories.

(4) Appropriate linkages within the centers shall include related efforts in agriculture, medicine, veterinary medicine, public health, engineering and related life and physical sciences, and social sciences dealing with health related behavior.

(5) Each center shall conduct research and education on the full spectrum of production, processing, transportation, and marketing for commodity classes, such as animals (including animal products and animal feed), agronomic crops, and horticultural crops.

(d) ESTABLISHMENT OF CENTERS.—(1) The Secretary shall make grants to establish the centers. Such grants establishing centers shall be competitively awarded based on merit and relevance in reference to meeting the purposes specified in subsection (b).

(2) Grants may be awarded for periods of up to five years and may be renewed in competition with demonstration of adequate performance. The Secretary shall give preference to proposals that demonstrate linkages with action agencies of the Department, with other related Federal research laboratories and agencies, and with private industry.

(3) The primary institution involved in a center shall be a land-grant college with other cooperating or collaborating academic institutions, nonprofit research and development entities, and Federal laboratories. A center may involve institutions or laboratories in more than one State.

(4) The non-Federal sponsors of a center shall contribute an amount of funds for operation of the center equal to not less than the amount awarded by the Federal Government.

(e) PROGRAM PLAN AND REVIEW.—(1) A program plan shall be developed by the Department after obtaining the advice of representative users of the centers, including both action agencies and appropriate representatives from various segments of

the food industry. The plan shall be submitted to the Congress for review at intervals of not less than once every three years.

(2) Accomplishments and directions of the centers shall be reviewed by the Department on a periodic basis, but not less frequently than at the end of the second and fourth years after the date of the enactment of this Act. The persons conducting the review shall be appointed by, and report to, the Secretary.

(f) AUTHORIZATION OF APPROPRIATIONS.—(1) There are authorized to be appropriated such funds as may be necessary to carry out this section for each of the fiscal years 1991 through 1995.

(2) The centers shall be funded through the Cooperative State Research Service in the Department.

(g) DEFINITIONS.--For purposes of this section:

(1) The term "center" means a national center for agricultural product quality research established under this section.

(2) The term "Secretary" means the Secretary of Agriculture.

(3) The term "Department" means the Department of Agriculture.

SEC. 1391. IMMUNOASSAY RESEARCH PROGRAM.

(a) GRANT PROGRAM.—The Secretary of Agriculture shall establish and carry out a program to make grants to land-grant colleges and universities for research relating to immunoassay used to—

(1) detect agricultural pesticide residues on agricultural commodities for human consumption; and

(2) diagnose animal and plant diseases.

(b) PREFERENCE.—In making grants under subsection (a), the Secretary may give preference to those land-grant colleges and universities that, as of the date of the enactment of this Act, are conducting research described in that subsection.

(c) LAND-GRANT COLLEGES AND UNIVERSITIES DEFINED.—For purposes of this section, the term "land-grant colleges and universities" has the meaning given to that term in section 1404(10) of the National Agricultural Research, Teaching, and Extension Policy Act of 1977 (7 U.S.C. 3103(10)).

SEC. 1392. RURAL DEVELOPMENT RESEARCH.

(a) COMPETITIVE GRANTS.—(1) The Secretary of Agriculture shall establish a program of competitive grants, to be administered through the Cooperative State Research Service, for the purpose of encouraging research and analysis of the social, economic, and other factors influencing the economic vitality of rural areas.

(2) Priority in the award of grants under paragraph (1) shall be given to projects designed to research methods by which the social and economic vitality of rural areas can be enhanced.

(b) DEMONSTRATION PROJECTS.—The Secretary of Agriculture shall establish a program of competitive grants to rural areas to serve as demonstration areas. In awarding such grants, the Secretary shall favorably consider an application from a rural area that the Secretary determines—

(1) demonstrates the ability of the rural area—

(A) to supplement the grant funds provided under this subsection with other funds from State, local, or private sources; and

(B) to use the grant funds to increase employment in the area; and

(2) can successfully serve as a demonstration area to share the results of the funded project to the benefit of other rural areas in the region in which the rural area receiving the grant is located.

(c) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriate such sums as may be necessary to carry out this section.

SEC. 1393. OUTREACH AND ASSISTANCE FOR SOCIALLY DISADVANTAGED FARMERS.

(a) OUTREACH AND ASSISTANCE.—The Secretary of Agriculture shall provide outreach and technical assistance through the Office of Advocacy and Enterprise to encourage and assist socially disadvantaged farmers to participate in the programs established or authorized in this Act. This assistance should include information on application and bidding procedures and other essential information to participate in the program.

(b) Grants and Contracts.—The Secretary and the Director of the Office of Advocacy and Enterprise may make grants and enter into contracts and other agreements in the furtherance of this section subject to the following conditions:

(1) Of the amounts appropriated to carry out this section, 50 percent of such amounts shall be available only for grants and contracts to community based organizations with demonstrated experience and commitment in providing edu-

cation, advocacy, or other services to minority farmers. Such community based organizations must provide documentary evidence of—

(A) their past experience and commitment of working with minority farmers during the two years preceding their application for assistance under this section; or

(B) their ability and commitment to establish an organization to provide such services.

(2) Of the amounts appropriated to carry out this section, 50 percent of such amounts shall be available only for grants and contracts to institutions of post-secondary education, with a priority given to—

(A) institution eligible to receive 1890 Land-Grant Colleges including Tuskegee University;

(B) Indian Tribal Community Colleges and Alaska Native Cooperative Colleges;

(C) Hispanic Serving Institutions of Higher Education; and

(D) other educational institutions with demonstrated experience in providing education, advocacy or other services to minority family farmers in their region.

(c) REPORT.—(1) The Director of the Office of Advocacy and Enterprise shall submit an annual report to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate detailing on a State by State and county by county basis the rate of minority participation for each program under this Act.

(2) Each report required by this subsection shall compare on a State by State and county by county basis the actual application rates, acceptance rates, and participation rates with the target participation rates established by the Secretary pursuant to section 355(a)(1) of the Consolidated Farm and Rural Development Act (7 U.S.C. 2003(a)(2)),.

(3) The first report required by this subsection shall be submitted not later than September 30, 1992.

(d) SOCIALLY DISADVANTAGED FARMERS DEFINED.—The term "socially disadvantaged farmers" means those farmers who have been subjected to racial or ethnic prejudice or cultural bias because of their identity as a member of a group without regard to their individual qualities.

(e) FUNDING.—There are authorized to be appropriated $10,000,000 for each fiscal year to carry out this section.

SEC. 1394. GRANTS FOR NICHE MARKET DEVELOPMENT.

(a) GRANTS REQUIRED.—The Secretary shall make research and extension grants available for the development of agricultural production and marketing systems that will service niche markets located in nearby metropolitan areas. In awarding such grants, the Secretary shall pay particular attention to areas—

(1) with a high concentration of small farm operations; and

(2) that experience difficulty in delivering products to market due to geographic isolation.

(b) AUTHORIZATION OF APPROPRIATION.—There are authorized to be appropriated such sums as may be necessary to carry out this section.

SEC. 1395. TURKEY RESEARCH CENTER.

There are authorized to be appropriated $500,000 for fiscal year 1992 to be used by the Agricultural Research Service for planning purposes in the establishment of a facility to be known as the Agricultural Turkey Research Center to be located in Pelican Rapids, Minnesota, and operated in cooperation with the North Dakota State University.

TITLE XIV—FRUITS, VEGETABLES, AND MARKETING

Subtitle A—Fruits and Vegetables

SEC. 1401. FINDINGS.

Congress finds that--

(1) fruits, vegetables, and specialty crops are a vital and important source of nutrition for the general health and welfare of the people of the United States; and

(2) fruits and vegetables are recommended as an essential part of a healthy, nutritious diet by numerous health officials and organizations including the Surgeon General of the United States; the National Institutes of Health; the National Cancer Institute; the American Heart Association; the Committee on Diet, Nutrition and Cancer of the National Academy of Sciences; the Department of Agriculture; and the Department of Health and Human Services.

SEC. 1402. PURPOSES.

The purposes of this subtitle are to—

(1) improve the Nation's dietary and nutritional standards by promoting domestically produced wholesome and nutritious fruit and vegetable products;

(2) increase the public awareness as to the difficulties domestic producers experience regarding the production, harvesting, and marketing of these products; and

(3) aid in the development of new technology and techniques that will assist domestic producers in meeting the challenges of increased demands for fruit and vegetable products in the future.

SEC. 1403. DECLARATION.

Congress declares that the domestic production of fruits and vegetables is an integral part of this Nation's farm policy.

SEC. 1404. STUDY OF THE FRUIT AND VEGETABLE INDUSTRY.

(a) STUDY.—(1) IN GENERAL.—The Secretary shall conduct a study to determine the current state of the domestic fruit and vegetable industry. In conducting such study, the Secretary shall consult with such agencies or departments as determined necessary by the Secretary, including, but not limited to, the Environmental Protection Agency, the Department of Health and Human Services, the Department of Commerce, the Department of Labor, and the Department of Education.

(2) CONTENTS.—Such study shall include—

(A) a review of the availability of an adequate labor supply for producing, maintaining, and harvesting fruits and vegetables;

(B) a review of the availability and adequacy of crop insurance or disaster assistance for fruit and vegetable producers;

(C) a review of scientific and technological advances in the areas of genetics, biotechnology, integrated pest management, post harvest protection, or other scientific developments applicable to the production and marketing of fruits and vegetables;

(D) an examination of the availability of safe and effective chemicals for use in the production of fruits and vegetables, with special emphasis on the value of national uniformity to both consumers and producers;

(E) a review of the requirements and costs of labeling of fruits and vegetables and of the benefits of labeling of these products; and

(F) a review of whether Federal educational programs provide adequate information regarding the importance of fruits and vegetables to a proper diet.

(b) REPORT.—The Secretary shall submit to the Congress the results of the study described in subsection (a) not later than 18 months from the date of the enactment of this subtitle.

(c) DEFINITION.—As used in this section the term "Secretary" means the Secretary of Agriculture.

Subtitle B—Marketing

SEC. 1411. AMENDMENT TO THE PERISHABLE AGRICULTURAL COMMODITIES ACT.

Section 3(b) of the Perishable Agricultural Commodities Act (7 U.S.C. 499c(b)) is amended by—

(1) striking ": *Provided*, That the" and inserting the following: ". Any reserve funds in the Perishable Agricultural Commodities Act Fund may be invested by the Secretary in insured or fully-collateralized interest-bearing accounts or, at the discretion of the Secretary, by the Secretary of the Treasury in United States Government debt instruments. Any interest earned on such reserve funds shall be credited to the Perishable Agricultural Commodities Act Fund and shall be available for the same purposes as the fees deposited in such fund. The"; and

(2) striking ": *Provided further*, That financial" and inserting ". Financial".

SEC. 1412. ENFORCEMENT OF HANDLER ASSESSMENTS.

Section 8c(14) of the Agricultural Marketing Agreement Act of 1937 (7 U.S.C. 608c(14)) is amended—

(1) in subparagraph (A) by—

(A) striking "(other than a provision calling for payment of a pro rata share of expenses)"; and

(B) striking ": Provided, That if" and inserting ". If"; and

(2) in subparagraph (B) by striking "(other than a provision calling for payment of a pro rata share of expenses)".

SEC. 1413. WINE AND WINEGRAPE INDUSTRY STUDY.

(a) STUDY.—The Secretary of Agriculture shall conduct a study to determine how the Department of Agriculture might best work with and support the United States wine and winegrape industry. Such study shall—

(1) be designed to determine whether existing Department of Agriculture programs could be improved to better assist and support the United States wine and winegrape industry;

(2) be designed to determine whether new methods or programs implemented by the Department of Agriculture could enhance wine and winegrape production and processing and expand markets for United States wine and winegrapes;

(3) be conducted in consultation with local, state, and national associations or organizations of wine and winegrape producers;

(4) give special emphasis to States or other geographic areas that have not traditionally had a wine and winegrape industry.

(b) REPORT.—The Secretary of Agriculture shall submit a report detailing the determinations made in the study under subsection (a) to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture Nutrition, and Forestry of the Senate not later than December 31, 1991. Such report shall also include any recommendations to the Congress for legislation the Secretary determines may be necessary to implement the programs or methods specified under subsection (a).

SEC. 1414. PRODUCER RESEARCH AND PROMOTION BOARD ACCOUNTABILITY.

(a) FINDINGS.—The Congress finds that—

(1) United States agricultural producers and importers contribute approximately $600 million annually to support agricultural promotion and research, and consumer information relating to food and nutrition, under federally-authorized checkoff programs;

(2) these federally-authorized checkoff programs are self-help efforts that enable the industry members that contribute to these checkoff programs to take an active role in enhancing the marketing of their farm products;

(3) the federally-authorized checkoff programs, while relatively new, have substantially contributed to strengthening markets for the agricultural products covered by the programs;

(4) the authorizing legislation for these agricultural check-off programs provides for the Secretary of Agriculture to appoint boards or councils comprised of producers and importers to assist the Secretary in administering the programs under the Secretary's oversight;

(5) the boards and councils that participate in administering the federally-authorized checkoff programs, in each instance, have important responsibilities under, and make substantial contributions to the effective management of, the programs while serving as a valuable link between the industry members that are funding the promotion, research, and information activities under the programs and the Department of Agriculture;

(6) the producers and importers that pay assessments to support the programs must have confidence in, and strongly support, the checkoff programs if these programs are to continue to succeed; and

(7) the checkoff programs cannot operate efficiently and effectively, nor can producer confidence and support for these programs be maintained, unless the boards and councils faithfully and diligently perform the functions assigned to them under the authorizing legislation.

(b) SENSE OF THE CONGRESS.—It is the sense of Congress that, to ensure the continued success of the federally-authorized checkoff programs, boards or councils that participate in the administration of the checkoff programs should take care to faithfully and diligently perform the functions assigned to them under the authorizing legislation and otherwise meet their crucial program responsibilities. It further is the sense of Congress that each of these boards and councils, in carrying out the

responsibilities assigned to it, is accountable to the Secretary of Agriculture, Congress, and the industry contributing funds for the checkoff program involved, and that each currently operational checkoff board or council should review its charter and activities to ensure that its responsibilities and duties have not been inappropriately delegated or otherwise relinquished to another organization.

Subtitle C—Commodity Promotion

PART 1—PECAN PROMOTION

SEC. 1421. SHORT TITLE.

This part may be cited as the "Pecan Promotion and Research Act of 1990".

SEC. 1422. FINDINGS AND DECLARATION OF POLICY.

(a) FINDINGS.—Congress finds that—

(1) pecans are a native American nut that is an important food, and is a valuable part of the human diet;

(2) the production of pecans plays a significant role in the economy of the United States in that pecans are produced by thousands of pecan producers, shelled and processed by numerous shellers and processors, and pecans produced in the United States are consumed by millions of people throughout the United States and foreign countries;

(3) pecans must be high quality, readily available, handled properly, and marketed efficiently to ensure that consumers have an adequate supply of pecans;

(4) the maintenance and expansion of existing markets and development of new markets for pecans are vital to the welfare of pecan producers and those concerned with marketing, using, and producing pecans, as well as to the general economy of the United States, and necessary to ensure the ready availability and efficient marketing of pecans;

(5) there exist established State organizations conducting pecan promotion, research, and industry and consumer education programs that are invaluable to the efforts of promoting the consumption of pecans;

(6) the cooperative development, financing, and implementation of a coordinated national program of pecan promotion, research, industry information, and consumer information are necessary to maintain and expand existing markets and develop new markets for pecans; and

(7) pecans move in interstate and foreign commerce, and pecans that do not move in such channels of commerce directly burden or affect interstate commerce in pecans.

(b) POLICY.—It is declared to be the policy of Congress that it is in the public interest to authorize the establishment, through the exercise of the powers provided in this part, of an orderly procedure for developing, financing (through adequate assessments on pecans produced or imported into the United States), and carrying out an effective, continuous, coordinated program of promotion, research, industry information, and consumer information designed to—

(1) strengthen the pecan industry's position in the marketplace;

(2) maintain and expand existing domestic and foreign markets and uses for pecans; and

(3) develop new markets and uses for pecans.

(c) CONSTRUCTION.—Nothing in this part may be construed to provide for the control of production or otherwise limit the right of any person to produce pecans.

SEC. 1423. DEFINITIONS.

As used in this part—

(1) BOARD.—The term "Board" means the Pecan Marketing Board established in section 1426(b).

(2) COMMERCE.—The term "commerce" means interstate, foreign, or intrastate commerce.

(3) CONFLICT OF INTEREST.—The term "conflict of interest" means a situation in which a member has a direct or indirect financial interest in a corporation, partnership, sole proprietorship, joint venture, or other business entity dealing directly or indirectly with the Board.

(4) CONSUMER INFORMATION.—The term "consumer information" means information and programs that will assist consumers and other persons in making evaluations and decisions regarding the purchase, preparation, and use of pecans.

(5) DEPARTMENT.—The term "Department" means the Department of Agriculture.

(6) DISTRICT.—The term "district" means a geographical area of the United States, as determined by the Board and approved by the Secretary, in which there is produced approximately one-fourth of the volume of pecans produced in the United States.

(7) FIRST HANDLER.—The term "first handler" means the first person who buys or takes possession of pecans from a grower for marketing. If a grower markets pecans directly to consumers, such grower shall be considered the first handler with respect to pecans grown by such grower.

(8) GROWER.—The term "grower" means any person engaged in the production and sale of pecans in the United States who owns, or who shares the ownership and risk of loss of, such pecans.

(9) GROWER-SHELLER.—The term "grower-sheller" means a person who—

(A) shells pecans, or has pecans shelled for such person, in the United States; and

(B) during the immediately previous year, grew 50 percent or more of the pecans such person shelled or had shelled for such person.

(10) HANDLE.—The term "handle" means receipt of in-shell pecans by a sheller or first handler, including pecans produced by such sheller or first handler.

(11) IMPORTER.—The term "importer" means any person who imports pecans from outside of the United States for sale in the United States.

(12) INDUSTRY INFORMATION.—The term "industry information" means information and programs that will lead to the development of new markets and marketing strategies, increased efficiency, and activities to enhance the image of the pecan industry.

(13) IN-SHELL PECAN.—The term "in-shell pecan" means a pecan that has a shell that has not been removed.

(14) TO MARKET.—The term "to market" means to sell or offer to dispose of pecans in any channel of commerce.

(15) MEMBER.—The term "member" means a member of the Board.

(16) PECAN.—The term "pecan" means the nut of the pecan tree carya illinoensis.

(17) PERSON.—The term "person" means any individual, group of individuals, partnership, corporation, association, cooperative, or any other entity.

(18) PLAN.—The term "plan" means an order issued under section 1424.

(19) PROMOTION.—The term "promotion" means any action taken by the Board, pursuant to this part, to present a favorable image of pecans to the public with the express intent of improving the competitive position of pecans in the marketplace and stimulating sales of pecans, including paid advertising.

(20) RESEARCH.—The term "research" means any type of test, study, or analysis designed to advance the image, desirability, usage, marketability, production, product development, or quality of pecans.

(21) SECRETARY.—The term "Secretary" means the Secretary of Agriculture.

(22) SHELL.—The term "shell" means to remove the shell from an inshell pecan.

(23) SHELLED PECAN.—The term "shelled pecan" means a pecan kernel, or portion of a kernel, after the pecan shell has been removed.

(24) SHELLER.—The term "sheller" means any person who—

(A) shells pecans or has pecans shelled for the account of such person; and

(B) during the immediately previous year, purchased more than 50 percent of the pecans such person shelled or had shelled for such account.

(25) STATE.—The term "State" means any of the several States, the District of Columbia and the Commonwealth of Puerto Rico.

(26) UNITED STATES.—The term "United States" means collectively the several States, the District of Columbia, and the Commonwealth of Puerto Rico.

SEC. 1424. ISSUANCE OF PLANS.

(a) IN GENERAL.—To effectuate the declared policy of section 1422(b), the Secretary shall, subject to this part, issue and from time to time amend, plans applicable to growers, grower-shellers, shellers, first handlers, and importers of pecans. Any such plan shall be national in scope. Not more than one plan shall be in effect under this part at any one time.

(b) PROCEDURE.—(1) PROPOSAL FOR ISSUANCE OF PLAN.—The Secretary may propose the issuance of a plan under this part, or an association of pecan growers

or grower-shellers or any other person that will be affected by this part may request the issuance of, and submit a proposal for, such a plan.

(2) PROPOSED PLAN.—Not later than 60 days after the receipt of a request and proposal by an interested person for a plan, or when the Secretary determines to propose a plan, the Secretary shall publish a proposed plan and give due notice and opportunity for public comment on the proposed plan.

(3) ISSUANCE OF PLAN.—After notice and opportunity for public comment are given, as provided in paragraph (2), the Secretary shall issue a plan, taking into consideration the comments received and including in the plan provisions necessary to ensure that the plan is in conformity with the requirements of this part.

(4) EFFECTIVE DATE OF PLAN.—Such plan shall be issued and become effective not later than 150 days following publication of the proposed plan.

(c) AMENDMENTS.—The Secretary, from time to time, may amend any plan issued under this section. The provisions of this part applicable to a plan shall be applicable to amendments to a plan.

SEC. 1425. REGULATIONS.

The Secretary may issue such regulations as are necessary to carry out this part.

SEC. 1426. REQUIRED TERMS IN PLANS.

(a) IN GENERAL.—Each plan issued under this part shall contain the terms and conditions prescribed in this section.

(b) PECAN MARKETING BOARD.—(1) ESTABLISHMENT.—The plan shall establish a Pecan Marketing Board to carry out the program referred to in section 1422(b).

(2) SERVICE TO ENTIRE INDUSTRY.—The Board shall carry out programs and projects that will provide maximum benefit to the pecan industry in all parts of the United States and only generically promote pecans.

(3) BOARD MEMBERSHIP.—The Board shall consist of 15 members, including—

(A) 8 members who are growers;

(B) 4 members who are shellers;

(C) one member who is a first handler and who derives over 50 percent of the member's gross income from buying and selling pecans;

(D) one member who is an importer of pecans into the United States, nominated by the Board;

(E) one member representing the general public, nominated by the Board; and

(F) at the option of the Board, a consultant or advisor representing the views of pecan producers in a country other than the United States who may be chosen to attend Board functions as a nonvoting member.

(4) REPRESENTATION OF MEMBERS.—(A) GROWER REPRESENTATIVES.—Of the growers referred to in paragraph (3)(A), 2 members shall be from each district.

(B) SHELLER REPRESENTATIVES.—Of the shellers referred to in paragraph (3)(B)—

(i) 2 members shall be selected from among shellers whose place of residence is east of the Mississippi River; and

(ii) 2 members shall be selected from among shellers whose place of residence is west of the Mississippi River.

(C) FIRST HANDLER REPRESENTATIVE.—The first handler representative on the Board referred to in paragraph (3)(C) shall be selected from among first handlers whose place of residence is in a district.

(D) IMPORTER REPRESENTATIVE.—The importer representative on the Board referred to in paragraph (3)(D) shall be an individual who imports pecans into the United States.

(E) PUBLIC REPRESENTATIVE.—The public representative on the Board referred to in paragraph (3)(E) shall not be a grower, grower-sheller, sheller, first handler, or importer.

(5) ALTERNATE FOR EACH MEMBER.—Each member of the Board shall have an alternate with the same qualifications as the member such alternate would replace.

(6) LIMITATION ON STATE RESIDENCE.—There shall be no more than one member from each State in each district, except that the State of Georgia may have 2 growers from such State representing the district that it is in.

(7) MODIFYING BOARD MEMBERSHIP.—In accordance with regulations approved by the Secretary, at least once each 3 years and not more than once each 2 years, the Board shall—

(A) review the geographic distribution of pecan production throughout the United States; and

(B) if warranted, recommend to the Secretary that the Secretary reapportion a district in order to reflect the geographic distribution of pecan production.

(8) Selection process for members.—

(A) PUBLICITY.—The Board shall give reasonable publicity to the industry for nomination of persons interested in being nominated for Board membership.

(b) ELIGIBILITY.—Each grower and sheller shall be eligible to vote for the nomination of members who represent that class of members on the Board. Growers shall be eligible to vote for the nomination of the first handler members on the Board.

(C) SELECTION OF NOMINEES.—Each person referred to in subparagraph (B) shall have one vote. The 2 eligible candidates receiving the largest number of votes cast for each Board position for each class of members shall be the nominees for such position.

(D) CERTIFICATION.—Except for the establishment of the initial Board, the nominations made under subparagraph (C) and subsections (b)(3)(D) and (b)(3)(E) shall be certified by the Board and submitted to the Secretary no later than May 1 or such other date recommended by the Board and approved by the Secretary preceding the commencement of the term of office for Board membership, as established in paragraph (9).

(E) APPOINTMENT.—To each vacant Board position, the Secretary shall appoint 1 individual from among the nominees certified and submitted under subparagraph (D).

(F) REJECTION OF NOMINEES.—The Secretary may reject any nominee submitted under subparagraph (D). If there are insufficient nominees from which to appoint members to the Board as a result of the Secretary's rejecting such nominees, additional nominees shall be submitted to the Secretary in the same manner.

(G) INITIAL BOARD.—The Secretary shall establish an initial Board from among nominations solicited by the Secretary. For the purpose of obtaining nominations for the members of the initial Board described in paragraph 3(A), (B), and (C), the Secretary shall perform the functions of the Board under this subsection as the Secretary determines necessary and appropriate. Nominations for those members of the initial Board described in paragraph (3)(D) and (E) shall be made in accordance with paragraph (3).

(H) FAILURE TO NOMINATE.—If growers and shellers fail to nominate individuals for appointment, the Secretary may appoint members on a basis provided for in the plan. If the Board fails to nominate an importer or a public representative, such member may be appointed without a nomination.

(9) TERMS OF OFFICE.—(A) IN GENERAL.—The members of the Board shall serve for a term of 3 years, except that the members appointed to the initial Board established under paragraph (8)(G) shall serve, proportionately, for terms of 1, 2, and 3 years, as determined by the Secretary.

(B) TERMINATION OF TERMS.—Notwithstanding subparagraph (C), each member shall continue to serve until a successor is appointed by the Secretary.

(C) LIMITATION ON TERMS.—No individual may serve more than 2 consecutive 3-year terms as a member.

(D) VACANCIES.—

(i) SUBMITTING NOMINATIONS.—To fill any vacancy created by the death, removal, resignation, or disqualification of any member of the Board, the Secretary shall request that at least 2 eligible nominations for a successor for each such vacancy be submitted by the Board in the manner provided in paragraph (8).

(ii) LACK OF NOMINATIONS.—If at least 2 eligible nominations are not submitted under clause (i), the Secretary shall determine the manner of submission of nominations for the vacancy.

(10) COMPENSATION.—A member of the Board shall serve without compensation, but shall be reimbursed for necessary and reasonable expenses incurred in the performance of duties for and approved by the Board.

(c) POWERS AND DUTIES OF THE BOARD.—The plan shall define the powers and duties of the Board, which shall include the power and duty—

(1) to administer the plan in accordance with its terms and conditions;

(2) to make regulations to effectuate the terms and conditions of the plan;

(3) to meet, organize, and select from among members of the Board a chairperson, other officers, and committees and subcommittees, as the Board determines appropriate;

(4) to establish working committees of persons other than Board members;

(5) to employ such persons, other than Board members, as the Board considers necessary and to determine the compensation and define the duties of such persons;

(6) to prepare and submit for the approval of the Secretary, prior to the beginning of each fiscal period, a recommended rate of assessment under section 1428, and a fiscal period budget of the anticipated expenses in the administration of the plan, including the probable costs of all programs and projects;

(7) to develop programs and projects, subject to subsection (d);

(8) to enter into contracts or agreements, subject to subsection (e), to develop and carry out programs or projects of promotion, research, industry information and consumer information;

(9) to carry out research, promotion, industry information, and consumer information, and to pay the costs of such projects with assessments collected pursuant to section 1428;

(10) to keep minutes, books, and records that reflect the actions and transactions of the Board, and promptly report minutes of each Board meeting to the Secretary;

(11) to appoint and convene, from time to time, working committees comprised of growers, grower-shellers, first handlers, shellers, importers, and the public to assist in the development of research, promotion, industry information, and consumer information programs for pecans;

(12) to invest, pending disbursement under a plan or project, funds collected through assessments authorized under this part, only in—

(A) obligations of the United States or any agency thereof;

(B) general obligations of any State or any political subdivision thereof;

(C) any interest-bearing account or certificate of deposit of a bank that is a member of the Federal Reserve System; or

(D) obligations fully guaranteed as to principal and interest by the United States,

except that income from any such invested funds may be used for any purpose for which the invested funds may be used;

(13) to receive, investigate, and report to the Secretary complaints of violations of the plan;

(14) to furnish the Secretary with such information as the Secretary may request;

(15) to recommend to the Secretary amendments to the plan; and

(16) to develop and recommend to the Secretary for approval such rules and regulations as may be necessary for the development and execution of programs or projects, or as may otherwise be necessary, to carry out the plan.

(d) PROGRAMS AND BUDGETS.—(1) SUBMISSION TO SECRETARY.—The plan shall provide that the Board shall submit to the Secretary for approval any program or project of promotion, research, consumer information, or industry information. No program or project shall be implemented prior to its approval by the Secretary.

(2) BUDGETS.—The plan shall require the Board, prior to the beginning of each fiscal year, or as may be necessary after the beginning of such fiscal year, to submit to the Secretary for approval budgets of its anticipated expenses (including reimbursements under subsection (b)(10)) and disbursements in the implementation of the plan, including projected costs of promotion, research, consumer information, and industry information programs and projects.

(3) INCURRING EXPENSES.—The Board may incur such expenses for programs or projects of research, promotion, consumer information, or industry information, and other expenses for the administration, maintenance, and functioning of the Board as may be authorized by the Secretary, including any implementation, administrative, and referendum costs incurred by the Department.

(4) PAYING EXPENSES.—The funds to cover the expenses referred to in paragraph (3) shall be paid by the Board from assessments collected under section 1428 or funds borrowed pursuant to paragraph (5).

(5) AUTHORITY TO BORROW.—In order to meet the expenses referred to in paragraph (3), the Board shall have the authority to borrow funds, as approved by the Secretary, for capital outlays and startup costs.

(6) LIMITATION ON SPENDING.—Effective on the date that is 3 years after the date of the establishment of the Board, the Board shall not spend in excess of 20 percent of the assessments collected under section 1428 for administration of the Board.

(e) CONTRACTS AND AGREEMENTS.—(1) IN GENERAL.—To ensure efficient use of funds, the plan shall provide that the Board may enter into contracts or agreements for the implementation and carrying out of programs or projects of pecan promotion, research, consumer information, or industry information, including contracts with grower and grower-sheller organizations, and for the payment of the cost thereof with funds received by the Board under the plan.

(2) REQUIREMENTS.—Any such contract or agreement shall provide that—

(A) the contracting party shall develop and submit to the Board a program or project together with a budget or budgets that shall show estimated costs to be incurred for such program or project;

(B) the program or project shall become effective on the approval of the Secretary; and

(C) the contracting party shall keep accurate records of all of its transactions, account for funds received and expended, make periodic reports to the Board of activities conducted, and make such other reports as the Board or the Secretary may require.

(3) GROWER AND GROWER-SHELLER ORGANIZATIONS.—The plan shall provide that the Board may contract with grower and grower-sheller organizations for any other services. Any such contract shall include provisions comparable to those required by paragraph (2).

(f) BOOKS AND RECORDS OF BOARD.—(1) IN GENERAL.—The plan shall require the Board to—

(A) maintain such books and records (which shall be available to the Secretary for inspection and audit) as the Secretary may prescribe;

(B) prepare and submit to the Secretary, from time to time, such reports as the Secretary may prescribe; and

(C) account for the receipt and disbursement of all funds entrusted to the Board.

(2) AUDITS.—The Board shall cause its books and records to be audited by an independent auditor at the end of each fiscal year, and a report of such audit to be submitted to the Secretary.

(g) PROHIBITION.—The Board shall not engage in any action to, nor shall any funds received by the Board under this part be used to—

(1) influence legislation or governmental action, other than recommending to the Secretary amendments to the plan;

(2) engage in any action that would be a conflict of interest; or

(3) engage in any advertising that may be false or misleading.

(h) BOOKS AND RECORDS.—(1) IN GENERAL.—The plan shall require that each first handler, grower-sheller, or importer shall—

(A) maintain and submit to the Board any reports considered necessary by the Secretary to ensure compliance with this part; and

(B) make available during normal business hours, for inspection by employees of the Board or Secretary, such books and records as are necessary to carry out this part, including such records as are necessary to verify any required reports.

(2) TIME REQUIREMENT.—The records required under paragraph (1) shall be maintained for 2 years beyond the fiscal period of the applicability of such records.

(3) CONFIDENTIALITY.—(A) IN GENERAL.—Except as provided in subparagraphs (B) and (D), all information obtained from books, records, or reports required to be maintained under paragraph (1) shall be kept confidential, and shall not be disclosed to the public by any person.

(B) DISCLOSURE.—Information referred to in subparagraph (A) may be disclosed to the public only if—

(i) the Secretary considers the information relevant;

(ii) the information is revealed in a suit or administrative hearing brought at the direction or on the request of the Secretary or to which the Secretary or any officer of the Department is a party; and

(iii) the information relates to this part.

(C) MISCONDUCT.—Any disclosure of confidential information in violation of subparagraph (A) by any Board member or employee of the Board, except as required by other law or allowed under subparagraph (B) or (D), shall be considered a violation of this part.

(D) GENERAL STATEMENTS.—Nothing in this paragraph may be construed to prohibit—

(i) the issuance of general statements, based on the reports, of the number of persons subject to the plan or statistical data collected therefrom, which statements do not identify the information furnished by any person; or

(ii) the publication, by direction of the Secretary, of the name of any person violating the plan, together with a statement of the particular provisions of the plan violated by such person.

(4) AVAILABILITY OF INFORMATION.—(A) EXCEPTION.—Except as provided in section 1432, information obtained under this part may be made available to another agency of the Federal Government for a civil or criminal law enforcement activity if the activity is authorized by law and if the head of the agency has made a written

request to the Secretary specifying the particular information desired and the law enforcement activity for which the information is sought.

(B) PENALTY.—Any person knowingly violating this subsection, on conviction, shall be subject to a fine of not more than $1,000 or to imprisonment for not more than 1 year, or both, and if an officer or employee of the Board or the Department, shall be removed from office.

(5) WITHHOLDING INFORMATION.—Nothing in this part shall be construed to authorize the withholding of information from Congress.

(i) USE OF ASSESSMENTS.—The plan shall provide that the assessments collected under section 1428 shall be used for payment of the expenses in implementing and administering this part, with provision for a reasonable reserve, and to cover those administrative costs incurred by the Secretary in implementing and administering this part, except for the salaries of Government employees incurred in conducting referenda.

(j) OTHER TERMS AND CONDITIONS.—The plan also shall contain such terms and conditions, not inconsistent with this part, as determined necessary by the Secretary to effectuate this part.

SEC. 1427. PERMISSIVE TERMS IN PLANS.

(a) IN GENERAL.—A plan issued pursuant to this part may contain one or more of the terms and conditions contained in this section.

(b) EXEMPTIONS.—The plan may provide authority to exempt from the plan pecans used for nonfood uses and authority for the Board to require satisfactory safeguards against improper uses of such exemptions.

(c) DIFFERENT PAYMENT AND REPORTING SCHEDULES.—The plan may provide authority to designate different payment and reporting schedules for growers, grower-sheilers, first handlers and importers to recognize differences in marketing practices and procedures utilized in different production areas.

(d) PROMOTION.—The plan may provide for the establishment, issuance, effectuation, and administration of appropriate programs or projects for the promotion of pecans and for the disbursement of necessary funds for such purposes, except that—

(1) any such program or project shall be directed toward increasing the general demand for pecans; and

(2) such promotional activities shall comply with other restrictions on the use of funds that are established under this part.

(e) RESEARCH AND INFORMATION.—The plan may provide for establishing and carrying on research, consumer information, and industry information projects and studies to the end that the marketing and utilization of pecans may be encouraged, expanded, improved, or made more efficient, and for the disbursement of necessary funds for such purposes.

(f) RESERVE FUNDS.—The plan may provide authority to accumulate reserve funds from assessments collected pursuant to this part, to permit an effective and continuous coordinated program of research, consumer information, industry information and promotion in years when the production and assessment income may be reduced, except that the total reserve fund may not exceed the amount budgeted for the operation of the plan for 2 years.

(g) FOREIGN MARKETS.—The plan may provide authority to use funds collected under this part, with the approval of the Secretary, for the development and expansion of pecan sales in foreign markets.

SEC. 1428. ASSESSMENTS.

(a) IN GENERAL.—During the effective period of a plan issued pursuant to this part, assessments shall be—

(1) levied on all pecans produced in, and all pecans imported into, the United States and marketed; and

(2) deducted from the payment made to a grower for all pecans sold to a first handler.

(b) LIMITATION ON ASSESSMENTS.—No more than one assessment may be assessed under subsection (a) on a grower (as remitted by a first handler) or importer, for any lot of pecans handled or imported.

(c) REMITTING ASSESSMENTS.—(1) IN GENERAL.—Assessments required under subsection (a) shall be remitted to the Board by—

(A) a first handler; and

(B) an importer.

(2) TIMES TO REMIT ASSESSMENT.—

(A) FIRST HANDLERS.—Each first handler who is not a grower-sheller and who is required to remit an assessment under paragraph (1) shall remit such assessment to the Board no later than the last day of the month following the month

that the pecans being assessed were purchased or marketed by such first handler.

(B) GROWER-SHELLERS.—Each first handler who is a grower-sheller and who is required to remit an assessment under paragraph (1) shall remit such assessment to the Board, to the extent practicable, in payments of one-third of the total annual amount of such assessment due to the Board on January 31, March 31, and May 10, or such dates as may be recommended by the Board and approved by the Secretary, during the fiscal year that the pecans being assessed were harvested.

(C) IMPORTERS.—Importers of pecans into the United States shall pay the assessment at the time the pecans enter the United States and shall remit such assessment to the Board.

(d) ASSESSMENT RATE.—(1) IN GENERAL.—Except as provided in paragraph (2), assessment rates shall be recommended by the Board and approved by the Secretary, except that the maximum assessment shall not exceed—

(A) during the period commencing on the effective date of the issuance of the plan and ending on the date the referendum is conducted under section 1432(a), one-half cent per pound for in-shell pecans as determined by the Board and approved by the Secretary; and

(B) after such period, 2 cents per pound for in-shell pecans.

(2) ADJUSTING RATE FOR OUT-OF-SHELL PECANS.—The rate of assessment of shelled pecans shall be twice the rate established for in-shell pecans pursuant to paragraph (1).

(3) SPECIAL STATE ASSESSMENT.—Notwithstanding any other provision of this part, with the approval of the Secretary and if authorized by State law and requested by such State, a special assessment of one-quarter cent per pound for in-shell pecans, and an appropriate per-pound assessment for out-of-shell pecans as adjusted under paragraph (2), shall be remitted to the Board for the purpose of utilizing such funds by a State pecan marketing board for research projects to promote pecans pursuant to State law. The Board shall collect such assessments and upon receipt of such assessments shall remit such assessments to the State, within a time period mutually agreed upon between the State and the Board, and approved by the Secretary. In the collection of such State assessments, neither the Board nor the Secretary shall in any manner enforce the collection or remittance of any such payment by producers of such State assessments or investigate nonpayment of such State assessments, except to provide to a State the names of growers from whom such assessments were collected and the respective amounts of assessments collected. The Secretary is authorized to make such regulations as may be necessary to carry out the provisions of this section.

(e) LATE-PAYMENT CHARGE.—(1) IN GENERAL.—There shall be a late-payment charge imposed on any person who fails to remit, on or before the due date established by the Board under subsection (c)(2), to the Board the total amount for which such person is liable.

(2) AMOUNT OF CHARGE.—The amount of the late-payment charge imposed under paragraph (1) shall be prescribed by the Board with the approval of the Secretary.

(f) REFUND OF ASSESSMENTS FROM ESCROW ACCOUNT.—(1) ESTABLISHMENT OF ESCROW ACCOUNT.—During the period beginning on the effective date of a plan first issued under section 1424 after enactment of this part and ending on the date the referendum is conducted under section 1432(a), the Board shall—

(A) establish an escrow account to be used for assessment refunds; and

(B) place funds in such account in accordance with paragraph (2).

(2) PLACEMENT OF FUNDS IN ACCOUNT.—The Board shall place in such account, from assessments collected during the period referred to in paragraph (1), an amount equal to the product obtained by multiplying the total amount of assessments collected during such period by 10 percent.

(3) RIGHT TO RECEIVE REFUND.—Subject to paragraphs (4), (5), and (6), any grower, grower-sheller, or importer shall have the right to demand and receive from the Board a one-time refund of assessments paid by or on behalf of such grower, grower-sheller, or importer during the period referred to in paragraph (1) if—

(A) such grower, grower-sheller, or importer is required to pay such assessments;

(B) such grower, grower-sheller, or importer does not support the program established under this part;

(C) such grower, grower-sheller, or importer demands such refund prior to the conduct of the referendum under section 1432(a); and

(D) the plan is not approved pursuant to the referendum conducted under section 1432(a).

(4) FORM OF DEMAND.—Such demand shall be made in accordance with regulations, on a form, and within a time period prescribed by the Board.

(5) MAKING OF REFUND.—Such refund shall be made on submission of proof satisfactory to the Board that such grower, grower-sheller, or importer paid the assessment for which refund is demanded.

(6) PRORATION.—If—

(A) the amount in the escrow account required by paragraph (1) is not sufficient to refund the total amount of assessments demanded by eligible growers, grower-shellers, or importers; and

(B) the plan is not approved pursuant to the referendum conducted under section 1432(a)

the Board shall prorate the amount of such refunds among all eligible growers, grower-shellers, and importers who demand such refund.

(7) PROGRAM APPROVED.—If the plan is approved pursuant to the referendum conducted under section 1432(a), all funds in the escrow account shall be returned to the Board for use by the Board in accordance with this part.

SEC. 1429. PETITION AND REVIEW.

(a) PETITION.—(1) IN GENERAL.—A person subject to a plan issued under this part may file with the Secretary a petition—

(A) stating that the plan, any provision of the plan, or any obligation imposed in connection with the plan is not in accordance with law; and

(B) requesting a modification of the plan or an exemption from the plan.

(2) HEARINGS.—The petitioner shall be given the opportunity for a hearing on the petition, on the record and in accordance with regulations issued by the Secretary.

(3) RULING.—After such hearing, the Secretary shall make a ruling on the petition, which shall be final if in accordance with law.

(b) REVIEW.—(1) COMMENCEMENT OF ACTION.—The district courts of the United States in any district in which a person who is a petitioner under subsection (a) resides or carries on business are hereby vested with jurisdiction to review the ruling on such person's petition, if a complaint for that purpose is filed within 20 days after the date of the entry of a ruling by the Secretary under subsection (a).

(2) PROCESS.—Service of process in such proceedings shall be conducted in accordance with the Federal Rules of Civil Procedure.

(3) REMANDS.—If the court determines that such ruling is not in accordance with law, the court shall remand the matter to the Secretary with directions either—

(A) to make such ruling as the court shall determine to be in accordance with law; or

(B) to take such further proceedings as, in the opinion of the court, the law requires.

(4) ENFORCEMENT.—The pendency of proceedings instituted under subsection (a) shall not impede, hinder, or delay the Attorney General or the Secretary from taking any action under section 1430.

SEC. 1430. ENFORCEMENT.

(a) JURISDICTION.—The district courts of the United States shall have jurisdiction specifically to enforce, and to prevent and restrain a person from violating, this part or any plan, order, rule, or regulation issued under this part.

(b) REFERRAL TO ATTORNEY GENERAL.—A civil action to be brought under this section, other than under subsection (f), shall be referred to the Attorney General for appropriate action, except that the Secretary is not required to refer to the Attorney General a violation of this part or any plan, order, rule, or regulation issued under this part if the Secretary believes that the administration and enforcement of this part would be adequately served by administrative action under subsection (c) or by providing a suitable written notice or warning to any person committing the violation.

(c) CIVIL PENALTIES AND ORDERS.—(1) CIVIL PENALTIES.—(A) A person who willfully violates any provision of this part or any plan, order, rule, or regulation issued under this part, including the failure to pay, collect, or remit any assessment or late-payment charge required of the person under this part or any plan, order, rule, or regulation issued under this part, may be assessed by the Secretary a civil penalty of not less than $1,000 nor more than $10,000 for each such violation.

(B) Each violation shall be a separate offense.

(2) CEASE AND DESIST ORDERS.—In addition to or in lieu of such civil penalty, the Secretary may issue an order requiring such person to cease and desist from continuing such violation.

(3) NOTICE AND HEARING.—No penalty shall be assessed or cease and desist order issued by the Secretary under this subsection unless the Secretary gives the person

against whom the order is issued notice and opportunity for a hearing on the record with respect to such violation.

(4) FINALITY.—The order of the Secretary assessing a penalty or imposing a cease and desist order shall be final and conclusive unless the person against whom the order is issued files an appeal from the Secretary's order in accordance with subsection (d).

(d) REVIEW BY DISTRICT COURT.—(1) COMMENCEMENT OF ACTION.—A person against whom a civil penalty is assessed or a cease and desist order is issued under subsection (c) may obtain review of such penalty or order in the district court of the United States for the district in which such person resides or does business, or in the United States District Court for the District of Columbia, by—

(A) filing, within the 30-day period beginning on the date such penalty is assessed or order issued, a notice of appeal in such court; and

(B) simultaneously sending a copy of the notice by certified mail to the Secretary.

(2) RECORD.—The Secretary shall promptly file in such court a certified copy of the record on which the Secretary found that the person had committed a violation.

(3) STANDARD OF REVIEW.—A finding of the Secretary shall be set aside only if the finding is found to be unsupported by substantial evidence.

(e) FAILURE TO OBEY ORDERS.—Any person who fails to obey a cease and desist order after the order has become final and unappealable, or after the appropriate district court has entered a final judgment in favor of the Secretary, shall be subject to a civil penalty assessed by the Secretary, after opportunity for a hearing on the record and for judicial review under the procedures specified in subsections (c) and (d), of not more than $1,000 for each offense. Each day during which the failure continues shall be considered a separate violation of such order.

(f) FAILURE TO PAY PENALTY.—If a person fails to pay a civil penalty after it has become a final and unappealable order issued by the Secretary, or after the appropriate district court has entered a final judgment in favor of the Secretary, the Secretary shall refer the matter to the Attorney General for recovery of the amount assessed in the district court of the United States in any district in which the person resides or conducts business. In such action, the validity and appropriateness of such order imposing such civil penalty shall not be subject to review.

SEC. 1431. INVESTIGATIONS AND POWER TO SUBPOENA.

(a) IN GENERAL.—The Secretary may make such investigations as the Secretary deems necessary—

(1) for the effective administration of this part; or

(2) to determine whether a person has engaged or is engaging in any act or practice that constitutes a violation of any provision of this part, or of any plan, rule, or regulation issued under this part.

(b) POWER TO SUBPOENA.—(1) INVESTIGATIONS.—For the purpose of an investigation made under subsection (a), the Secretary is authorized to administer oaths and affirmations and to issue a subpoena to require the production of any records that are relevant to the inquiry. The production of any such records may be required from any place in the United States.

(2) ADMINISTRATIVE HEARINGS.—For the purpose of an administrative hearing held under section 1429 or section 1430, the presiding officer is authorized to administer oaths and affirmations, subpoena witnesses, compel their attendance, take evidence, and require the production of any records that are relevant to the inquiry. Such attendance of witnesses and the production of any such records may be required from any place in the United States.

(c) AID OF COURTS.—In case of contumacy by, or refusal to obey a subpoena issued to, any person, the Secretary may invoke the aid of any court of the United States within the jurisdiction of which such investigation or proceeding is carried on, or where such person resides or carries on business, in order to enforce a subpoena issued by the Secretary under subsection (b). The court may issue an order requiring such person to comply with such a subpoena.

(d) CONTEMPT.—Any failure to obey such order of the court may be punished by such court as a contempt thereof.

(e) PROCESS.—Process in any such case may be served in the judicial district in which such person resides or conducts business or wherever such person may be found.

(f) HEARING SITE.—The site of any hearings held under this section shall be within the judicial district where such person resides or has a principal place of business.

SEC. 1432. REQUIREMENT OF REFERENDUM.

(a) IN GENERAL.—Not later than 24 months after the effective date of the plan first issued under section 1424 after enactment of this part, the Secretary shall conduct a referendum among growers, grower-shellers, and importers, who during a representative period determined by the Secretary have been engaged in the production or importation of pecans, for the purpose of ascertaining whether growers, grower-shellers, and importers favor continuation, termination, or suspension of the plan.

(b) OTHER REFERENDA.—(1) IN GENERAL.—After the referendum required under subsection (a), the Secretary shall hold a referendum on request of the Board or 10 percent or more of the total number of growers, grower-shellers, and importers, to determine if growers, grower-shellers, and importers favor the termination or suspension of the plan.

(2) SUSPENSION OR TERMINATION.—The Secretary shall terminate or suspend such plan, in accordance with section 1433(b), whenever the Secretary determines that such suspension or termination is favored by a majority of those voting in a referendum.

(c) COSTS OF REFERENDUM.—The Secretary shall be reimbursed from any assessments collected by the Board for any expenses incurred by the Department in connection with the conduct of any referendum under this part, except for the salaries of Government employees.

(d) MANNER.—(1) IN GENERAL.—Referenda conducted pursuant to this part shall be conducted in such a manner as is determined by the Secretary.

(2) ADVANCE REGISTRATION.—A grower, grower-sheller, or importer who chooses to vote in any referendum conducted under this part shall register in person prior to the voting period at the appropriate local office of the Agricultural Stabilization and Conservation Service, as determined by the Secretary, for such grower, grower-sheller, or importer.

(3) VOTING.—A grower, grower-sheller, or importer who votes in any referendum conducted under this part shall vote in person at the appropriate local office of the Agricultural Stabilization and Conservation Service, as determined by the Secretary.

(4) NOTICE.—Each Agricultural Stabilization and Conservation Service office shall notify all growers, grower-shellers, and importers in the area of such office, as determined by the Secretary, at least 30 days prior to a referendum conducted under this part. Such notice shall explain the registration and voting procedures established under this subsection.

SEC. 1433. SUSPENSION OR TERMINATION OF PLAN.

(a) MANDATORY SUSPENSION OR TERMINATION.—The Secretary shall, whenever the Secretary finds that the plan or any provision of the plan obstructs or does not tend to effectuate the declared policy of this part, terminate or suspend the operation of such plan or provision.

(b) SUSPENSION OR TERMINATION.—If, as a result of any referendum conducted under this part, the Secretary determines that suspension or termination of a plan is favored by a majority of the growers, grower-shellers, and importers voting in the referendum, the Secretary shall—

(1) within 6 months after making such determination, suspend or terminate, as the case may be, collection of assessments under the plan; and

(2) suspend or terminate, as the case may be, activities under the plan in an orderly manner as soon as practicable.

(c) The termination or suspension of any plan, or any provision thereof, shall not be considered a plan within the meaning of this part.

SEC. 1434. AUTHORIZATION OF APPROPRIATIONS.

(a) IN GENERAL.—There are authorized to be appropriated for each fiscal year such sums as are necessary to carry out this part.

(b) ADMINISTRATIVE EXPENSES.—Funds appropriated to carry out this part shall not be available for payment of the expenses or expenditures of the Board in administering any provision of any plan issued under this part.

PART 2—MUSHROOMS

SEC. 1441. SHORT TITLE.

This part may be cited as the "Mushroom Promotion, Research, and Consumer Information Act of 1990".

SEC. 1442. FINDINGS AND DECLARATION OF POLICY.

(a) FINDINGS.—Congress finds that—

(1) mushrooms are an important food that is a valuable part of the human diet;

(2) the production of mushrooms plays a significant role in the Nation's economy in that mushrooms are produced by hundreds of mushroom producers, distributed through thousands of wholesale and retail outlets, and consumed by millions of people throughout the United States and foreign countries;

(3) mushroom production benefits the environment by efficiently using agricultural byproducts;

(4) mushrooms must be high quality, readily available, handled properly, and marketed efficiently to ensure that the benefits of this important product are available to the people of the United States;

(5) the maintenance and expansion of existing markets and uses, and the development of new markets and uses, for mushrooms are vital to the welfare of producers and those concerned with marketing and using mushrooms, as well as to the agricultural economy of the Nation;

(6) the cooperative development, financing, and implementation of a coordinated program of mushroom promotion, research, and consumer information are necessary to maintain and expand existing markets for mushrooms; and

(7) mushrooms move in interstate and foreign commerce, and mushrooms that do not move in such channels of commerce directly burden or affect interstate commerce in mushrooms.

(b) POLICY.—It is declared to be the policy of Congress that it is in the public interest to authorize the establishment, through the exercise of the powers provided in this part, of an orderly procedure for developing, financing through adequate assessments on mushrooms produced domestically or imported into the United States, and carrying out, an effective, continuous, and coordinated program of promotion, research, and consumer and industry information designed to—

(1) strengthen the mushroom industry's position in the marketplace;

(2) maintain and expand existing markets and uses for mushrooms; and

(3) develop new markets and uses for mushrooms.

(c) CONSTRUCTION.—Nothing in this part may be construed to provide for the control of production or otherwise limit the right of individual producers to produce mushrooms.

SEC. 1443. DEFINITIONS

As used in this part—

(1) COMMERCE.—The term "commerce" means interstate, foreign, or intrastate commerce.

(2) CONSUMER INFORMATION.—The term "consumer information" means information and programs that will assist consumers and other persons in making evaluations and decisions regarding the purchase, preparation, and use of mushrooms.

(3) COUNCIL.—The term "Council" means the Mushroom Council established under section 1445(b).

(4) DEPARTMENT.—The term "Department" means the Department of Agriculture.

(5) FIRST HANDLER.—The term "first handler" means any person, as described in an order issued under this part, who receives or otherwise acquires mushrooms from a producer and prepares for marketing or markets such mushrooms, or who prepares for marketing or markets mushrooms of that person's own production.

(6) IMPORTER.—The term "importer" means any person who imports, on average, over 500,000 pounds of mushrooms annually from outside the United States.

(7) INDUSTRY INFORMATION.—The term "industry information" means information and programs that are designed to lead to the development of new markets and marketing strategies, increased efficiency, and activities to enhance the image of the mushroom industry.

(8) MARKETING.—The term "marketing" means the sale or other disposition of mushrooms in any channel of commerce.

(9) MUSHROOMS.—The term "mushrooms" means all varieties of cultivated mushrooms grown within the United States for the fresh market, or imported into the United States for the fresh market, that are marketed, except that such term shall not include mushrooms that are commercially marinated,

canned, frozen, cooked, blanched, dried, packaged in brine, or otherwise processed, as may be determined by the Secretary.

(10) PERSON.—The term "person" means any individual, group of individuals, partnership, corporation, association, cooperative, or any other legal entity.

(11) PRODUCER.—The term "producer" means any person engaged in the production of mushrooms who owns or who shares the ownership and risk of loss of such mushrooms and who produces, on average, over 500,000 pounds of mushrooms per year.

(12) PROMOTION.—The term "promotion" means any action determined by the Secretary to enhance the image or desirability of mushrooms, including paid advertising.

(13) RESEARCH.—The term "research" means any type of study to advance the image, desirability, marketability, production, product development, quality, or nutritional value of mushrooms.

(14) SECRETARY.—The term "Secretary" means the Secretary of Agriculture.

(15) STATE AND UNITED STATES.—The terms "State" and "United States" include the 50 States of the United States, the District of Columbia, and the Commonwealth of Puerto Rico.

SEC. 1444. ISSUANCE OF ORDERS.

(a) GENERAL.—To effectuate the declared policy of section 1442(b), the Secretary, subject to the procedures provided in subsection (b), shall issue orders under this part applicable to producers, importers, and first handlers of mushrooms. Any such order shall be national in scope. Not more than one order shall be in effect under this part at any one time.

(b) PROCEDURES.—(1) ISSUANCE OF AN ORDER.—The Secretary may propose the issuance of an order under this part, or an association of mushroom producers or any other person that will be affected by this part may request the issuance of, and submit a proposal for, such an order.

(2) PUBLICATION OF ORDER.—Not later than 60 days after the receipt of a request and proposal by an interested person for an order, or when the Secretary determines to propose an order, the Secretary shall publish the proposed order and give due notice and opportunity for public comment on the proposed order.

(3) ISSUANCE OF ORDER.—After notice and opportunity for public comment are given, as provided in paragraph (2), the Secretary shall issue the order, taking into consideration the comments received and including in the order provisions necessary to ensure that the order is in conformity with the requirements of this part. Such order shall be issued and, if approved by producers and importers of mushrooms as provided in section 1446(a), shall become effective not later than 180 days following publication of the proposed order.

(c) AMENDMENTS.—(1) IN GENERAL.—The Secretary, from time to time, may amend any order issued under this section.

(2) APPLICATION OF PART.—The provisions of this part applicable to an order shall be applicable to amendments to the order.

SEC. 1445. REQUIRED TERMS IN ORDERS.

(a) IN GENERAL.—Each order issued under this part shall contain the terms and conditions prescribed in this section.

(b) MUSHROOM COUNCIL.—(1) ESTABLISHMENT AND MEMBERSHIP OF COUNCIL.—(A) ESTABLISHMENT.—The order shall provide for the establishment of, and selection of members to, a Mushroom Council that shall consist of at least 4 members and not more than 9 members.

(B) MEMBERSHIP.—Except as provided for in paragraph (2), the members of the Council shall be mushroom producers and importers appointed by the Secretary from nominations submitted by producers and importers in the manner authorized by the Secretary, except that no more than one member may be appointed to the Council from nominations submitted by any one producer or importer.

(2) APPOINTMENTS.—(A) IN GENERAL.—In making appointments, the Secretary shall take into account, to the extent practicable, the geographical distribution of mushroom production throughout the United States, and the comparative volume of mushrooms imported into the United States.

(B) UNITS.—In establishing such geographical distribution of mushroom production, a whole State shall be considered as a unit and such units shall be organized into 4 regions that shall fairly represent the geographic distribution of mushroom production within the United States.

(C) IMPORTERS.—Importers shall be represented as one region, which shall be separate from the regions established for mushrooms produced in the United States.

(D) MEMBERS PER REGION.—The Secretary shall appoint one member from each region if such region produces or imports, on average, at least 35,000,000 pounds of mushrooms annually.

(E) ADDITIONAL MEMBERS.—Subject to the nine-member limit on the number of members on the Council provided in paragraph (1), the Secretary shall appoint an additional member to the Council from a region for each additional 50,000,000 pounds of production or imports per year, on average, within the region.

(F) For purposes of this paragraph, in determining average annual mushroom production in each of the 4 regions of the United States established under this paragraph, the Secretary shall only consider mushrooms produced by producers covered by this part, as defined in section 1443(11).

(G) FAILURE TO NOMINATE.—If producers and importers fail to nominate individuals for appointment, the Secretary may appoint members on a basis provided for in the order.

(3) TERMS; COMPENSATION.—(A) TERMS.—The term of appointment to the Council shall be for 3 years, except that the initial appointments shall to the extent practicable be proportionately for 1-year, 2-year, and 3-year terms.

(B) COMPENSATION.—Council members shall serve without compensation but shall be reimbursed for their expenses incurred in performing their duties as members of the Council.

(c) POWERS AND DUTIES OF THE COUNCIL.—The order shall define the powers and duties of the Council, which shall include the following powers and duties—

(1) to administer the order in accordance with its terms and provisions;

(2) to make rules and regulations to effectuate the terms and provisions of the order;

(3) to appoint members of the Council to serve on an executive committee;

(4) to propose, receive, evaluate, approve and submit to the Secretary for approval under subsection (d) budgets, plans, and projects of mushroom promotion, research, consumer information, and industry information, as well as to contract and enter into agreements with appropriate persons to implement such plans or projects;

(5) to develop and propose to the Secretary voluntary quality and grade standards for mushrooms;

(6) to receive, investigate, and report to the Secretary complaints of violations of the order;

(7) to recommend to the Secretary amendments to the order; and

(8) to invest, pending disbursement under a plan or project, funds collected through assessments authorized under this part only in—

(A) obligations of the United States or any agency thereof,

(B) general obligations of any State or any political subdivision thereof;

(C) any interest-bearing account or certificate of deposit of a bank that is a member of the Federal Reserve System; or

(D) obligations fully guaranteed as to principal and interest by the United States,

except that income from any such invested funds may only be used for any purpose for which the invested funds may be used.

(d) PLANS AND BUDGETS.—(1) SUBMISSION TO SECRETARY.—The order shall provide that the Council shall submit to the Secretary for approval any plan or project of promotion, research, consumer information, or industry information.

(2) BUDGETS.—The order shall require the Council to submit to the Secretary for approval budgets on a fiscal year basis of its anticipated expenses and disbursements in the implementation of the order, including projected costs of promotion, research, consumer information, and industry information plans and projects.

(3) APPROVAL BY SECRETARY.—No plan or project of promotion, research, consumer information, or industry information, or budget, shall be implemented prior to its approval by the Secretary.

(e) CONTRACTS AND AGREEMENTS.—(1) IN GENERAL.—To ensure efficient use of funds, the order shall provide that the Council may enter into contracts or agreements for the implementation and carrying out of plans or projects of mushroom promotion, research, consumer information, or industry information, including contracts with producer organizations, and for the payment of the cost thereof with funds received by the Council under the order.

(2) REQUIREMENTS.—Any such contract or agreement shall provide that—(A) the contracting party shall develop and submit to the Council a plan or project together with a budget or budgets that shall show estimated costs to be incurred for such plan or project;

(B) the plan or project shall become effective on the approval of the Secretary; and

(C) the contracting party shall keep accurate records of all of its transactions, account for funds received and expended, make periodic reports to the Council of activities conducted, and make such other reports as the Council or the Secretary may require.

(3) PRODUCER ORGANIZATIONS.—The order shall provide that the Council may contract with producer organizations for any other services. Any such contract shall include provisions comparable to those provided in subparagraphs (A), (B), and (C) of paragraph (2).

(f) BOOKS AND RECORDS OF COUNCIL.—(1) IN GENERAL.—The order shall require the Council to—

(A) maintain such books and records (which shall be available to the Secretary for inspection and audit) as the Secretary may prescribe;

(B) prepare and submit to the Secretary, from time to time, such reports as the Secretary may prescribe; and

(C) account for the receipt and disbursement of all funds entrusted to the Council.

(2) AUDITS.—The Council shall cause its books and records to be audited by an independent auditor at the end of each fiscal year, and a report of such audit to be submitted to the Secretary.

(g) ASSESSMENTS.—(1) COLLECTION AND PAYMENT.—(A) IN GENERAL.—The order shall provide that each first handler of mushrooms for the domestic fresh market produced in the United States shall collect, in the manner prescribed by the order, assessments from producers and remit the assessments to the Council.

(B) IMPORTERS.—The order also shall provide that each importer of mushrooms for the domestic fresh market shall pay assessments to the Council in the manner prescribed by the order.

(C) DIRECT MARKETING.—Any person marketing mushrooms of that person's own production directly to consumers shall remit the assessments on such mushrooms directly to the Council in the manner prescribed in the order.

(2) RATE OF ASSESSMENT.—The rate of assessment shall be determined and announced by the Council and may be changed by the Council at any time. The order shall provide that the rate of assessment—

(A) for the first year of the order, may not exceed one-quarter cent per pound of mushrooms;

(B) for the second year of the order, may not exceed one-third cent per pound of mushrooms;

(C) for the third year of the order, may not exceed one-half cent per pound of mushrooms; and

(D) for the following years of the order, may not exceed one cent per pound of mushrooms.

(3) USE OF ASSESSMENTS.—The order shall provide that the assessments shall be used for payment of the expenses in implementing and administering this part, with provision for a reasonable reserve, and to cover those administrative costs incurred by the Secretary in implementing and administering this part, except for the salaries of Government employees incurred in conducting referenda.

(4) LIMITATION ON COLLECTION.—No assessment may be collected on mushrooms that a first handler certifies will be exported as mushrooms.

(h) PROHIBITION.—The order shall prohibit any funds received by the Council under the order from being used in any manner for the purpose of influencing legislation or government action or policy, except that such funds may be used by the Council for the development and recommendation to the Secretary of amendments to the order as prescribed in this part and for the submission to the Secretary of recommended voluntary grade and quality standards for mushrooms under the Agricultural Marketing Act of 1946 (7 U.S.C. 1621 et seq.).

(i) BOOKS AND RECORDS.—(1) IN GENERAL.—The order shall require that each first handler and importer of mushrooms maintain, and make available for inspection, such books and records as may be required by the order and file reports at the time, in the manner, and having the content prescribed by the order.

(2) AVAILABILITY TO SECRETARY.—Such information shall be made available to the Secretary as is appropriate for the administration or enforcement of this part, the order, or any regulation issued under this part.

(3) CONFIDENTIALITY.—(A) IN GENERAL.—All information obtained under paragraph (1) shall be kept confidential by all officers and employees of the Department and the Council, and agents of the Council, and only such information so obtained as the Secretary considers relevant may be disclosed to the public by them and then

only in a suit or administrative hearing brought at the request of the Secretary, or to which the Secretary or any officer of the United States is a party, and involving the order.

(B) LIMITATIONS.--Nothing in this paragraph may be construed to prohibit—

(i) the issuance of general statements, based on the reports, of the number of persons subject to the order or statistical data collected therefrom, which statements do not identify the information furnished by any person; or

(ii) the publication, by direction of the Secretary, of the name of any person violating the order, together with a statement of the particular provisions of the order violated by such person.

(4) AVAILABILITY OF INFORMATION.—(A) IN GENERAL.—Except as provided in section 1448, information obtained under this part may be made available to another agency of the Federal Government for a civil or criminal law enforcement activity if the activity is authorized by law and if the head of the agency has made a written request to the Secretary specifying the particular information desired and the law enforcement activity for which the information is sought.

(B) PENALTY.—Any person knowingly violating this subsection, on conviction, shall be subject to a fine of not more than $1,000 or to imprisonment for not more than 1 year, or both, and if an officer or employee of the Council or the Department, shall be removed from office.

(5) WITHHOLDING INFORMATION.—Nothing in this part shall be construed to authorize the withholding of information from Congress.

(j) OTHER TERMS AND CONDITIONS.—The order also shall contain such terms and conditions, not inconsistent with this part, as are necessary to effectuate this part, including provisions for the assessment of a penalty for each late payment of assessments under subsection (g).

SEC. 1446. REFERENDA.

(a) INITIAL REFERENDUM.--(1) IN GENERAL.—Within the 60-day period immediately preceding the effective date of an order issued under section 1444(b), the Secretary shall conduct a referendum among mushroom producers and importers to ascertain whether the order shall go into effect.

(2) APPROVAL OF ORDER.—The order shall become effective, as provided in section 1444(b), if the Secretary determines that the order has been approved by a majority of the producers and importers voting in the referendum, which majority, on average, annually produces and imports into the United States more than 50 percent of the mushrooms annually produced and imported by all those voting in the referendum.

(b) SUCCEEDING REFERENDA.—(1) DETERMINATION CONCERNING ORDER.—(A) IN GENERAL.—Effective 5 years after the date on which an order becomes effective under section 1444(b), the Secretary shall conduct a referendum among mushroom producers and importers to ascertain whether they favor continuation, termination, or suspension of the order.

(B) REQUEST FOR REFERENDUM.—Effective beginning 3 years after the date on which an order becomes effective under section 1444(b), the Secretary, on request of a representative group comprising 30 percent or more of the number of mushroom producers and importers, may conduct a referendum to ascertain whether producers and importers favor termination or suspension of the order.

(2) SUSPENSION OR TERMINATION.—If, as a result of any referendum conducted under paragraph (1), the Secretary determines that suspension or termination of an order is favored by a majority of the producers and importers voting in the referendum, which majority, on average, annually produces and imports into the United States more than 50 percent of the mushrooms annually produced and imported by all those voting in the referendum, the Secretary shall—

(A) within 6 months after making such determination, suspend or terminate, as appropriate, collection of assessments under the order; and

(B) suspend or terminate, as appropriate, activities under the order in an orderly manner as soon as practicable.

(c) MANNER.—Referenda conducted pursuant to this section shall be conducted in such a manner as is determined by the Secretary.

SEC. 1447. PETITION AND REVIEW.

(a) PETITION.—(1) IN GENERAL.—A person subject to an order issued under this part may file with the Secretary a petition—

(A) stating that the order, any provision of the order, or any obligation imposed in connection with the order, is not in accordance with law; and

(B) requesting a modification of the order or an exemption from the order.

(2) HEARINGS.—The petitioner shall be given the opportunity for a hearing on the petition, in accordance with regulations issued by the Secretary.

(3) RULING.—After such hearing, the Secretary shall make a ruling on the petition, which shall be final if in accordance with law.

(b) REVIEW.—(1) COMMENCEMENT OF ACTION.—The district courts of the United States in any district in which a person who is a petitioner under subsection (a) resides or carries on business are hereby vested with jurisdiction to review the ruling on such person's petition, if a complaint for that purpose is filed within 20 days after the date of the entry of such ruling of the Secretary under subsection (a).

(2) PROCESS.—Service of process in such proceedings shall be conducted in accordance with the Federal Rules of Civil Procedure.

(3) REMANDS.—If the court determines that such ruling is not in accordance with law, the court shall remand the matter to the Secretary with directions either—

(A) to make such ruling as the court shall determine to be in accordance with law; or

(B) to take such further action as, in the opinion of the court, the law requires.

(4) ENFORCEMENT.—The pendency of proceedings instituted under subsection (a) shall not impede, hinder, or delay the Attorney General or the Secretary from obtaining relief pursuant to section 1448.

SEC. 1448. ENFORCEMENT.

(a) JURISDICTION.—The several district courts of the United States are vested with jurisdiction specifically to enforce, and to prevent and restrain any person from violating, any order or regulation made or issued by the Secretary under this part.

(b) REFERRAL TO ATTORNEY GENERAL.—A civil action authorized to be brought under this section shall be referred to the Attorney General for appropriate action, except that the Secretary is not required to refer to the Attorney General a violation of this part, or any order, rule, or regulation issued under this part, if the Secretary believes that the administration and enforcement of this part would be adequately served by administrative action under subsection (c) or suitable written notice or warning to the person who committed or is committing the violation.

(c) CIVIL PENALTIES AND ORDERS.—(1) CIVIL PENALTIES.—A person who willfully violates a provision of any order or regulation issued by the Secretary under this part, or who fails or refuses to pay, collect, or remit any assessment or fee duly required of the person under such order or regulation, may be assessed a civil penalty by the Secretary of not less than $500 nor more than $5,000 for each such violation. Each violation shall be a separate offense.

(2) CEASE-AND-DESIST ORDERS.—In addition to or in lieu of such civil penalty, the Secretary may issue an order requiring such person to cease and desist from continuing such violation.

(3) NOTICE AND HEARING.—No penalty shall be assessed or cease and desist order issued by the Secretary under this subsection unless the Secretary gives the person against whom the penalty is assessed or the order is issued notice and opportunity for a hearing before the Secretary with respect to such violation.

(4) FINALITY.—The penalty assessed or cease and desist order issued under this subsection shall be final and conclusive unless the person against whom the penalty is assessed or the order is issued files an appeal with the appropriate district court of the United States in accordance with subsection (d).

(d) REVIEW BY DISTRICT COURT.—(1) COMMENCEMENT OF ACTION.—Any person against whom a violation is found and a civil penalty assessed or cease and desist order issued under subsection (c) may obtain review of the penalty or order by—

(A) filing, within the 30-day period beginning on the date such penalty is assessed or order issued, a notice of appeal in the district court of the United States for the district in which such person resides or does business, or in the United States district court for the District of Columbia; and

(B) simultaneously sending a copy of the notice by certified mail to the Secretary.

(2) RECORD.—The Secretary shall promptly file in such court a certified copy of the record on which the Secretary found that the person had committed a violation.

(3) STANDARD OF REVIEW.—A finding of the Secretary shall be set aside only if the finding is found to be unsupported by substantial evidence.

(e) FAILURE TO OBEY ORDERS.—A person who fails to obey a cease and desist order after the order has become final and unappealable, or after the appropriate United States district court has entered a final judgment in favor of the Secretary, shall be subject to a civil penalty assessed by the Secretary, after opportunity for a hearing and for judicial review under the procedures specified in subsections (c) and (d), of

not more than $500 for each offense. Each day during which such failure continues shall be considered as a separate violation of such order.

(f) FAILURE TO PAY PENALTIES.—If a person fails to pay an assessment of a civil penalty after it has become final and unappealable, or after the appropriate United States district court has entered final judgment in favor of the Secretary, the Secretary shall refer the matter to the Attorney General for recovery of the amount assessed in any district court in which the person resides or conducts business. In such action, the validity and appropriateness of such civil penalty shall not be subject to review.

SEC. 1149. INVESTIGATIONS AND POWER TO SUBPOENA.

(a) INVESTIGATIONS.—The Secretary may make such investigations as the Secretary considers necessary for the effective administration of this part or to determine whether any person subject to this part has engaged or is engaging in any act that constitutes a violation of this part or of any order, rule, or regulation issued under this part.

(b) SUBPOENAS, OATHS, AND AFFIRMATIONS.—(1) For the purpose of an investigation made under subsection (a), the Secretary may administer oaths and affirmations and issue a subpoena to require the production of any records that are relevant to the inquiry. The production of any such records may be required from any place in the United States.

(2) ADMINISTRATIVE HEARINGS.—For the purpose of an administrative hearing held under section 1447 or section 1448, the presiding officer is authorized to administer oaths and affirmations, subpoena witnesses, compel their attendance, take evidence, and require the production of any records that are relevant to the inquiry. Such attendance of witnesses and the production of any such records may be required from any place in the United States.

(c) AID OF COURTS.—In case of contumacy by, or refusal to obey a subpoena issued to, any person, the Secretary may invoke the aid of any court of the United States within the jurisdiction of which such investigation or proceeding is carried on, or where such person resides or carries on business, in order to enforce a subpoena issued by the Secretary under subsection (b). The court may issue an order requiring such person to comply with such a subpoena.

(d) CONTEMPT.—Any failure to obey such order of the court may be punished by such court as a contempt thereof.

(e) PROCESS.—Process in any such case may be served in the judicial district in which such person resides or conducts business or wherever such person may be found.

(f) HEARING SITE.—The site of any hearings held under this section shall be within the judicial district where such person resides or has a principal place of business.

SEC. 1150. SAVINGS PROVISION.

Nothing in this part may be construed to preempt or supersede any other program relating to mushroom promotion, research, consumer information, or industry information organized and operated under the laws of the United States or any State.

SEC. 1151. SUSPENSION OR TERMINATION OF ORDERS.

The Secretary shall, whenever the Secretary finds that the order or any provision of the order obstructs or does not tend to effectuate the declared policy of this part, terminate or suspend the operation of such order or provision. The termination or suspension of any order, or any provision thereof, shall not be considered an order under the meaning of this part.

SEC. 1152. AUTHORIZATION OF APPROPRIATIONS.

(a) IN GENERAL.—There are authorized to be appropriated for each fiscal year such sums as are necessary to carry out this part.

(b) ADMINISTRATIVE EXPENSES.—The funds so appropriated shall not be available for payment of the expenses or expenditures of the Council in administering any provision of an order issued under this part.

SEC. 1153. REGULATIONS.

The Secretary may issue such regulations as are necessary to carry out this part.

PART 3—POTATOES

SEC. 1461. SHORT TITLE.

This part may be cited as the "Potato Research and Promotion Act Amendments of 1990".

SEC. 1462. FINDINGS AND DECLARATION OF POLICY.

Section 302 of the Potato Research and Promotion Act (7 U.S.C. 2611) is amended—

(1) in the first paragraph—

(A) in the first sentence by inserting "and foreign countries" after "United States";

(B) in the second sentence, by inserting "and imported into the United States from foreign countries" after "United States"; and

(C) by striking the last sentence;

(2) in the second paragraph—

(A) in the first sentence—

(i) by striking ", in a large part,"; and

(ii) by inserting "or foreign" after "channels of interstate"; and

(B) by striking the second sentence; and

(3) in the fourth paragraph—

(A) by inserting "and imported into the United States from foreign countries" after "commercial use"; and

(B) by striking at the end thereof "produced in the United States" and inserting "and potato products".

SEC. 1463. DEFINITIONS.

Section 303 of the Potato Research and Promotion Act (7 U.S.C. 2612) is amended—

(1) in subsection (c)—

(A) by striking "forty-eight contiguous" and inserting "50"; and

(B) by inserting before the period at the end thereof ", and grown in foreign countries and imported into the United States"; and

(2) by adding at the end the following new subsection:

"(g) The term 'importer' means any person who imports tablestock, frozen, or processed potatoes for ultimate consumption by humans or seed potatoes into the United States.".

SEC. 1464. AUTHORITY TO ISSUE A PLAN.

Section 304 of the Potato Research and Promotion Act (7 U.S.C. 2613) is amended—

(1) in the first sentence—

(A) by striking "persons engaged in the handling of potatoes (hereinafter referred to as handlers)" and inserting "handlers and importers", and

(B) by inserting "or imported" after "potatoes handled"; and

(2) in the third sentence—

(A) by striking "forty-eight contiguous" and inserting "50", and

(B) by inserting before the period "and in foreign countries, if importers are subject to a plan and such potatoes are imported into the United States".

SEC. 1465. NOTICE AND HEARINGS.

Section 305 of the Potato Research and Promotion Act (7 U.S.C. 2614) is amended—

(1) in the first sentence by striking "potato producers" and inserting "interested persons"; and

(2) in the second sentence by striking "by potato producers or by any other interested person or persons, including the Secretary" and inserting "by any interested person, including the Secretary".

SEC. 1466. REQUIRED TERMS IN PLANS.

Section 308 of the Potato Research and Promotion Act (7 U.S.C. 2617) is amended—

(1) in subsection (b)—

(A) by inserting after the first sentence the following: "If importers are subject to a plan, the board shall also include up to 5 representatives of importers, appointed by the Secretary from nominations submitted by importers in such manner as may be prescribed by the Secretary.",

(B) after "If producers" by inserting "or importers", and

(C) in the last sentence by inserting ", or to importer approval when importers are subject to a plan," after "approval";

(2) in subsection (e)—

(A) by striking "one cent" and inserting "2 cents", and

(B) by inserting ", and importers when importers are subject to a plan," after "producers";

(3) in subsection (f)(1) by inserting in the proviso ", or importer approval when importers are subject to a plan," after "producer approval"; and

(4) by striking subsection (g) and redesignating subsections (h), (i), and (j) as subsections (g), (h), and (i), respectively.

SEC. 1467. PERMISSIVE TERMS IN PLANS.

Section 309 of the Potato Research and Promotion Act (7 U.S.C. 2618) is amended by redesignating subsection (g) as subsection (i) and inserting the following new subsections:

"(g) Providing that any potato producer or importer against whose potatoes any assessment is made and collected under authority of this title and who is not in favor of supporting the research and promotion program as provided for under this title shall have the right to demand and receive from the board a refund of such assessment. Such demand shall be made personally by such producer or importer in accordance with regulations and on a form and within a time period prescribed by the board and approved by the Secretary, but in no event less than 90 days, and upon submission of proof satisfactory to the board that the producer or importer paid the assessment for which refund is sought, and any such refund shall be made within 60 days after demand therefor.

"(h) Providing for authority to assess imports of tablestock, frozen, or processed potatoes for ultimate consumption by humans and seed potatoes into the United States.".

SEC. 1468. ASSESSMENTS.

Section 310 of the Potato Research and Promotion Act (7 U.S.C. 2619) is amended—

(1) in subsection (a) by inserting "(1)" after "(a)" and adding at the end thereof the following new paragraph:

"(2) when importers are subject to a plan, each importer designated by the board, pursuant to regulations issued under the plan, to make payment of assessments shall be responsible for payment to the board, as it may direct, of any assessment levied on potatoes. The assessment on imported tablestock, frozen, or processed potatoes for ultimate consumption by humans, and seed potatoes shall be established by the board so that the effective assessment shall equal that on domestic production and shall be paid by the importer to the board at the time of entry into the United States. Each such importer shall maintain a separate record including the total quantity of tablestock, frozen, processed potatoes for ultimate consumption by humans, and seed potatoes imported into the United States that are included under the terms of the plan as well as those that are exempt under such plan, and shall indicate such other information as may be prescribed by the board. No more than one assessment shall be made on any imported potatoes.";

(2) in subsection (b) by inserting "and importers" after "Handlers"; and

(3) in subsection (c)(1) by inserting "or importers" after "handlers".

SEC. 1469. INVESTIGATION AND POWER TO SUBPOENA.

Section 313 of the Potato Research and Promotion Act (7 U.S.C. 2622) is amended in subsection (a)—

(1) by striking in the first sentence "a handler or any other" and inserting "any"; and

(2) in the last sentence by striking "handler or other".

SEC. 1470. REQUIREMENT OF REFERENDUM.

Section 314 of the Potato Research and Promotion Act (7 U.S.C. 2623) is amended—

(1) in subsection (a) by adding at the end the following sentence: "When the issuance of a plan would subject importers to the terms and conditions of a plan, the Secretary also shall conduct the referendum among importers, who during a representative period determined by the Secretary have been engaged in the importation of potatoes, for the purpose of ascertaining whether the issuance of such plan is approved or favored by such importers.";

(2) in subsection (b) by striking "two-thirds of the producers voting in such referendum, or by the producers of not less than two-thirds of the potatoes produced during the representative period by producers voting in such referendum, and by not less than a majority of the producers voting in such referendum" and inserting "a majority of the producers voting in such referendum or a majority of the producers and importers when the issuance of a plan would subject importers to the terms and conditions of a plan, voting in such referendum";

(3) in subsection (c) by inserting "and importers" after "producers"; and

(4) in subsection (d) by inserting ", or any importer or the volume of potatoes imported by such importer," after "potatoes".

SEC. 1471. SUSPENSION OR TERMINATION OF PLANS.

Section 315 of the Potato Research and Promotion Act (7 U.S.C. 2624) is amended—

(1) in subsection (b)—

(A) by inserting ", or of the total number of producers and importers when importers are subject to a plan," after "potato producers" the first time it appears;

(B) by inserting "and importers" after "potato producers" the second time it appears;

(C) by inserting "and import" after "produce"; and

(D) by striking "by the potato producers voting in the referendum" and inserting "and imported by those voting in the referendum"; and

(2) by adding a new subsection (c) to read as follows:

"(c) The termination or suspension of any plan, or any provision thereof, shall not be considered the issuance of a plan within the meaning of this part.".

SEC. 1472. AMENDMENT PROCEDURE.

(a) IN GENERAL.—Notwithstanding any provision of the Potato Research and Promotion Act (hereafter in this section referred to as the "Act"), the procedure specified in this section shall apply if a producer or a producer organization requests the Secretary of Agriculture (hereafter in this section referred to as the "Secretary") to amend the plan in effect under that Act (hereafter in this section referred to as the "plan") to—

(1) subject importers to the terms and conditions of a plan, and

(2) eliminate provisions for refunds of assessments for those not in favor of supporting the research and promotion program as provided under that Act.

The procedure under this section shall apply only in the case of the first such request received after the date of enactment of this Act.

(b) PUBLICATION OF PROPOSED AMENDMENTS.—The Secretary shall publish for public comment such proposed amendments to the plan within 60 days.

(c) ISSUANCE OF FINAL AMENDMENTS.—Not later than 150 days after publication of such amendment, and after notice and opportunity for public comment, the Secretary shall issue the amendments to the plan, as described in subsection (a), if the Secretary has reason to believe that such amendments will tend to effectuate the declared policy of this part.

(d) REFERENDUM.—Not later than 24 months after the date of issuance of such amendments to the plan, the Secretary shall conduct a referendum among producers and importers who, during a representative period determined by the Secretary, have been engaged in the production or importation of potatoes. The amendments shall be continued only if the Secretary determines that the amendments to the plan have been approved by a majority of the total number of producers and importers voting in the referendum.

(e) REFUNDS.—The board shall—

(1) establish an escrow account to be used for assessment refunds, and place funds in such account in accordance with paragraph (2) during the period beginning on the effective date of the amendments to the plan issued under subsection (c) and ending on the date of the referendum on the amendments to the plan;

(2) place in the account established under paragraph (1), from assessments collected under the plan during the period referred to in paragraph (1), an amount equal to the product obtained by multiplying the total amount of assessments collected during such period by 10 percent;

(3) subject to paragraphs (4), (5), and (6), provide that for the period referred to in paragraph (1) any producer or importer shall have the right to demand and receive from the board a one-time refund of assessments collected from such producer or importer during such period if—

(A) such producer or importer is responsible for paying such assessments;

(B) such producer or importer does not support the program established under the plan; and

(C) the amendments to the plan to eliminate provisions for refunds of assessments are not approved pursuant to a referendum conducted under subsection (d);

(4) require such demand to be made in accordance with regulations, on a form, and within a time period prescribed by the board;

(5) require such refund to be made on submission of proof satisfactory to the board that such producer or importer paid the assessment for which refund is demanded; and

(6) if the amount in the escrow account required to be established by paragraph (1) is not sufficient to refund the total amount of assessments demanded by all eligible producers and importers under this subsection, prorate the amount of such refunds among all eligible producers and importers who demand such refund.

(f) If such amendments to the plan are not approved, the Secretary shall terminate the amendments and the plan shall continue in effect without the amendments.

(g) AMENDMENT TO INCLUDE THE 50 STATES.—Notwithstanding any provision of the Act, the Secretary shall, upon request of a producer or a producer organization, issue an amendment to the plan to include the 50 States of the United States. Such amendment shall not be subject to a referendum.

PART 4—COTTON

SEC. 1473. SHORT TITLE.

This part may be cited as the "Cotton Research and Promotion Act Amendments of 1990".

SEC. 1474. FINDINGS AND DECLARATION OF POLICY.

Section 2 of the Cotton Research and Promotion Act (7 U.S.C. 2101) is amended by—

(1) in the second sentence inserting "and aiso outside the United States" before the period;

(2) in the third sentence by striking "in large part";

(3) striking the fourth and the sixth sentences of the first paragraph;

(4) striking "The great inroads on the market and uses for United States" and inserting "The great inroads on the market and uses for"; and

(5) in the third paragraph—

(A) striking "harvested" and inserting "marketed"; and

(B) inserting "and on imports of cotton" after "United States" the first time it appears.

SEC. 1475. REQUIRED TERMS IN ORDER; COTTON IMPORTS.

Section 7 of the Cotton Research and Promotion Act (7 U.S.C. 2106) is amended—

(1) in subsection (a)(2) by—

(A) striking "handler" and inserting "person"; and

(B) striking "producer";

(2) in subsection (b), in the first sentence, by—

(A) inserting "(1)" after "shall be composed of"; and

(B) striking the colon and all that follows through the end of the sentence and inserting the following: ", and (2) when imports of cotton are subject to an order, an appropriate number of representatives, as determined by the Secretary, of importers of cotton on which assessments are paid under this Act. Such importer representatives shall be appointed by the Secretary after consultation with organizations representing importers, as determined by the Secretary. Each cotton-producing State shall be entitled to at least one representative on the Cotton Board.";

(3) by amending subsection (e) to read as follows:

"(e)(1) Providing that—

"(A) the producer or other person for whom the cotton is being handled shall pay to the handler of such cotton designated by the Cotton Board pursuant to regulations issued under the order;

"(B) such handler shall collect from the producer or other person for whom the cotton, including cotton owned by the handler, is being handled, and shall pay to the Cotton Board; and

"(C) each importer shall pay to the Cotton Board on imports of cotton,

an assessment prescribed by the order, on the basis of bales of cotton handled or imported. The assessment shall cover such expenses and expenditures, including provision for a reasonable reserve, as the Secretary finds are reasonable and likely to be incurred by the Cotton Board under the order, during any period specified by the Secretary.

"(2) The order shall provide for reimbursing the Secretary—

"(A) for expenses not to exceed $300,000 incurred by the Secretary in connection with any referendum conducted under section 8; and

"(B) for administrative costs incurred by the Secretary for supervisory work up to 5 employee years after an order or amendment to an order has been issued and made effective.

There shall also be included in the order a provision for reimbursing any agency of the Federal Government that assists in administering the import provisions of the order for a reasonable amount of the expenses incurred by that agency in connection therewith.

"(3) To facilitate the collection and payment of such assessments, the Cotton Board may designate different handlers or importers or classes of handlers or importers to recognize differences in marketing practices or procedures utilized in any State or area, except that no more than one such assessment shall be made on any bale of cotton, unless specifically authorized by provisions of this subsection.

"(4) The rate of assessment prescribed by the order shall be $1 per bale of cotton handled, supplemented by an additional per bale amount not to exceed 1 percent of the value of cotton as determined by the Cotton Board and the Secretary. The rate of assessment on imports of cotton shall be determined in the same manner as the rate of assessment per bale of cotton handled, and the value to be placed on cotton imports for the purpose of determining the assessment on such imports shall be established by the Secretary in a fair and equitable manner.

"(5) No authority under this Act may be used as a basis to advertise or solicit votes in any referendum relating to the rate of assessment with funds collected under this Act.

"(6) The Secretary may maintain a suit against any person subject to the order for the collection of such assessment, and the several district courts of the United States are hereby vested with jurisdiction to entertain such suits regardless of the amount in controversy. The remedies provided in this section shall be in addition to, and not exclusive of, the remedies provided for elsewhere in this Act or now or hereafter existing at law or in equity.

"(7) The provisions of this subsection and subsection (b) shall not apply to cottonseed and the products derived from cotton and its seed.

"(8) The provisions of this subsection relating to importers and assessments on imports of cotton shall be effective only if approved in a referendum as provided in section 8(b) or 8(c).".

SEC. 1476. REQUIREMENTS FOR REFERENDA.

Section 8 of the Cotton Research and Promotion Act (7 U.S.C. 2100) is amended by—

(1) inserting "(a)" before "The Secretary"; and

(2) adding at the end the following new subsections:

"(b)(1) Notwithstanding the provisions of sections 4 and 5, not later than 150 days after the date of enactment of the Cotton Research and Promotion Act Amendments of 1990, and after notice and opportunity for public comment, the Secretary shall issue a proposed amendment to the order implementing the provisions of such Act, which shall become effective as provided in paragraph (2).

"(2) Notwithstanding the provisions of subsection (a), the Secretary shall, within a period not to exceed 8 months after the date of enactment of the Cotton Research and Promotion Act Amendments of 1990, conduct a referendum among persons who have been cotton producers and importers during a representative period, as determined by the Secretary, for the purpose of ascertaining if a majority of those voting approve the proposed amendment to the order issued by the Secretary under paragraph (1). The Secretary shall announce the results of the referendum within 30 days after the date of such referendum. If the amendment is approved in the referendum, within a period not to exceed 90 days from the date of announcement of the results of such referendum, the Secretary shall publish the amendment to the order and regulations implementing the amendment provided for in this subsection.

"(c)(1) Notwithstanding the provisions of sections 4 and 5, once every five years after the date of the referendum provided for under subsection (b), the Secretary shall conduct a review to ascertain whether a referendum is needed to determine whether producers and importers favor continuation of the amendment to the order

provided for in the Cotton Research and Promotion Act Amendments of 1990 if such amendment is then in effect or, if such an amendment is not in effect, whether they favor approval of such amendment. The Secretary shall make a public announcement of the results of the review within 60 days after each fifth anniversary date of the referendum provided for under subsection (b). If the Secretary determines to provide for such a referendum, the Secretary shall conduct the referendum within 12 months after a public announcement of the determination to conduct the referendum.

"(2) If the Secretary does not provide for such a referendum on the Secretary's own initiative, the Secretary shall conduct such a referendum upon the request of 10 percent or more of the number of cotton producers and importers voting in the most recent referendum, except that, in counting such requests for a referendum, not more than 20 percent of such requests may be from producers from any one State. Producers and importers may sign up to request such a referendum at the county office of the Agricultural Stabilization and Conservation Service, or county extension agent, or by mailing such a request to the Secretary, as prescribed in regulations. The signup period shall be for a period not to exceed 90 days, shall commence 60 days after the Secretary makes a public announcement of a determination not to provide for a referendum on the Secretary's own initiative, and shall be publicized by the Secretary and the Cotton Board immediately after such public announcement. The referendum shall be held within 12 months after the end of the signup period, if requested by the requisite number of persons.

"(3) The amendment to the order provided for in this subsection shall not be effective if it is disapproved by a majority of cotton producers and importers of cotton voting in the referendum.".

SEC. 1477. SUSPENSION AND TERMINATION OF ORDERS.

Section 9(b) of the Cotton Research and Promotion Act (7 U.S.C. 2108(b)) is amended to read as follows:

"(b) The Secretary may conduct a referendum at any time, and shall hold a referendum on request of a number of producers and importers (if subject to the order) equivalent to at least 10 percent of those persons voting in the most recent referendum, to determine whether cotton producers and importers subject to the order favor the termination or suspension of the order. The Secretary shall suspend or terminate the order at the end of the marketing year, as defined in the order, whenever the Secretary determines suspension or termination of the order is approved by a majority of producers and importers (subject to the order) voting in the referendum who, during a representative period determined by the Secretary, have been engaged in the production and importation of cotton and who produced and imported more than 50 percent of the volume of cotton produced and imported by those voting in the referendum.".

SEC. 1478. AMENDMENTS TO THE ORDER.

Section 10 of the Cotton Research and Promotion Act (7 U.S.C. 2109) is amended to read as follows:

"PROVISIONS APPLICABLE TO AMENDMENTS

"SEC. 10. (a) Except as provided in subsection (b), the provisions of this Act applicable to orders shall be applicable to amendments to orders.

"(b) No amendment to an order issued under this Act shall be effective unless the Secretary determines that—

"(1) with respect to an amendment referred to in section 8(b) or (8)(c), the amendment is approved by producers and importers of cotton as provided in such section; or

"(2) with respect to any other amendment, that the amendment is approved by a majority of cotton producers and importers subject to the order voting in the referendum.

"(c) The disapproval of any amendment to an order issued under this Act shall not be deemed to invalidate such order.".

SEC. 1479. PRODUCER REFUNDS.

Section 11 of the Cotton Research and Promotion Act (7 U.S.C. 2110) is amended by—

(1) striking "Notwithstanding any other provision" and inserting "(a) Notwithstanding any other section and except as provided in subsection (b),"; and

(2) adding at the end the following new subsection:

"(b) The right of a producer to demand a refund under subsection (a) shall terminate if the proposed amendment of the order implementing the Cotton Research

and Promotion Amendments Act of 1990 is approved in the referendum provided for under section 8. Such right shall terminate 30 days after the date the Secretary announces the results of such referendum if such proposed amendment is approved. Such right shall be reinstated if the amendment should be disapproved in any subsequent referendum.".

SEC. 1480. DEFINITIONS.

Section 17 of the Cotton Research and Promotion Act (7 U.S.C. 2116) is amended—

(1) in subsection (c)—

(A) by inserting "(1)" after "means"; and

(B) by striking "its seed." and inserting the following: "its seed and (2) imports of upland cotton. The term 'cotton' shall not, however, include any entry of imported cotton by an importer that has a value or weight less than any de minimis figure established in accordance with regulations issued by the Secretary. Any de minimis figure established under this paragraph shall be such as to minimize the burden in administering the assessment provision but still provide for the maximum participation of imports of cotton in the assessment provisions of this Act.";

(2) in subsection (d), by inserting after "cottonseed" the following: "or, for the purposes of sections 3, 6(c), and 13, any person who imports cotton, including de minimis amounts of cotton described in subsection (c),"; and

(3) by adding at the end a new subsection to read as follows:

"(h)(1) the term 'importer' means any person who enters, or withdraws from warehouse, cotton produced outside the United States for consumption in the customs territory of the United States.

"(2) The term 'import' means any such entry.".

PART 5—LIMES

SEC. 1481. SHORT TITLE.

This part may be cited as the "Lime Research, Promotion, and Consumer Information Act of 1990".

SEC. 1482. FINDINGS, PURPOSES, AND LIMITATIONS.

(a) FINDINGS.—Congress finds that—

(1) domestically produced limes are grown by many individual producers;

(2) virtually all domestically produced limes are grown in the States of Florida and California;

(3) limes move in interstate and foreign commerce, and limes that do not move in such channels of commerce directly burden or affect interstate commerce in limes;

(4) in recent years, large quantities of limes have been imported into the United States;

(5) the maintenance and expansion of existing domestic and foreign markets for limes and the development of additional and improved markets for limes are vital to the welfare of lime producers and other persons concerned with producing, marketing, or processing limes;

(6) a coordinated program of research, promotion, and consumer information regarding limes is necessary for the maintenance and development of such markets; and

(7) lime producers, lime producer-handlers, lime handlers, and lime importers are unable to implement and finance such a program without cooperative action.

(b) PURPOSES.—The purposes of this part are—

(1) to authorize the establishment of an orderly procedure for the development and financing (through an adequate assessment) of an effective and coordinated program of research, promotion, and consumer information regarding limes designed—

(A) to strengthen the position of the lime industry in domestic and foreign markets, and

(B) to maintain, develop, and expand markets for limes; and

(2) to treat domestically produced and imported limes equitably.

(c) LIMITATION.—Nothing in this part shall be construed to require quality standards for limes, control the production of limes, or otherwise limit the right of the individual producers to produce limes.

SEC. 1483. DEFINITIONS.

For purposes of this part:

(1) BOARD.—The term "Board" means the Lime Board provided for under section 1485(b).

(2) CONSUMER INFORMATION.—The term "consumer information" means any action taken to provide information to, and broaden the understanding of, the general public regarding the use, nutritional attributes, and care of limes.

(3) HANDLE.—The term "handle" means to sell, purchase, or package limes.

(4) HANDLER.—The term "handler" means any person in the business of handling limes.

(5) IMPORTER.—The term "importer" means any person who imports limes into the United States.

(6) LIME.—The term "lime" means the fruit of a citrus aurantifolia tree for the fresh market.

(7) MARKETING.—The term "marketing" means the sale or other disposition of limes in commerce.

(8) ORDER.—The term "order" means a lime research, promotion, and consumer information order issued by the Secretary under section 1484(a).

(9) PERSON.—The term "person" means any individual, group of individuals, partnership, corporation, association, cooperative, or other legal entity.

(10) PRODUCER.—The term "producer" means any person who produces limes in the United States for sale in commerce.

(11) PRODUCER-HANDLER.—The term "producer-handler" means any person who is both a producer and handler of limes.

(12) PROMOTION.—The term "promotion" means any action taken under this part (including paid advertising) to present a favorable image for limes to the general public with the express intent of improving the competitive position and stimulating the sale of limes.

(13) RESEARCH.—The term "research" means any type of research relating to the use and nutritional value of limes and designed to advance the image, desirability, marketability, or quality of limes.

(14) SECRETARY.—The term "Secretary" means the Secretary of Agriculture.

(15) STATE AND UNITED STATES.—The terms "State" and "United States" include the 50 States of the United States, the District of Columbia, and the Commonwealth of Puerto Rico.

SEC. 1484. ISSUANCE OF ORDERS.

(a) IN GENERAL.—Subject to this part, and to effectuate the declared purposes of this part, the Secretary shall issue and, from time to time, amend lime research, promotion, and consumer information orders applicable to handlers, producers, producer-handlers, and importers of limes. Any such order shall be national in scope. Not more than one order shall be in effect under this part at any one time.

(b) PROCEDURE.—(1) PROPOSAL FOR ISSUANCE OF ORDER.—Any person that will be affected by this part may request the issuance of, and submit a proposal for, an order under this part.

(2) PROPOSED ORDER.—Not later than 60 days after the receipt of a request and proposal by an interested person for an order, the Secretary shall publish a proposed order and give due notice and opportunity for public comment on the proposed order.

(3) ISSUANCE OF ORDER.—After notice and opportunity for public comment are given, as provided in paragraph (2), the Secretary shall issue an order, taking into consideration the comments received and including in the order provisions necessary to ensure that the order is in conformity with the requirements of this part.

(4) EFFECTIVE DATE OF ORDER.—Such order shall be issued and become effective not later than 150 days following publication of the proposed order.

(c) AMENDMENTS.—The Secretary, from time to time, may amend any order issued under this section. The provisions of this part applicable to orders shall be applicable to amendments to orders.

SEC. 1485. REQUIRED TERMS IN ORDERS.

(a) IN GENERAL.—An order issued by the Secretary under section 1484(a) shall contain the terms and conditions described in this section and, except as provided in section 1486, no other terms or conditions.

(b) LIME BOARD.—Such order shall provide for the establishment of a Lime Board as follows:

(1) MEMBERSHIP.—The Board shall be composed of—

(A) 7 members who are producers and who are not exempt from an assessment under subsection (d)(5)(A);

(B) 3 members who are importers and who are not exempt from an assessment under subsection (d)(5)(A); and

(C) one member appointed from the general public.

(2) APPOINTMENT AND NOMINATION.—

(A) APPOINTMENT.—The Secretary shall appoint the members of the Board.

(B) PRODUCERS.—The 7 members who are producers shall be appointed from individuals nominated by lime producers.

(C) IMPORTERS.—The 3 members who are importers shall be appointed from individuals nominated by lime importers.

(D) PUBLIC.—The public representative shall be appointed from nominations of the Board.

(E) FAILURE TO NOMINATE.—If producers and importers fail to nominate individuals for appointment, the Secretary may appoint members on a basis provided for in the order. If the Board fails to nominate a public representative, such member may be appointed by the Secretary without a nomination.

(F) INITIAL BOARD.—The Secretary shall establish an initial Board from among nominations solicited by the Secretary. For the purpose of obtaining nominations for the members of the initial Board described in paragraph (1), the Secretary shall perform the functions of the Board under this subsection as the Secretary determines necessary and appropriate.

(3) ALTERNATES.—The Secretary shall appoint an alternate for each member of the Board. An alternate shall—

(A) be appointed in the same manner as the member for whom such individual is an alternate; and

(B) serve on the Board if such member is absent from a meeting or is disqualified under paragraph (5).

(4) TERMS.—Members of the Board shall be appointed for a term of 3 years. Of the members first appointed—

(A) 3 members shall be appointed for a term of 1 year;

(B) 4 members shall be appointed for a term of 2 years; and

(C) 4 members shall be appointed for a term of 3 years;

as designated by the Secretary at the time of appointment.

(5) REPLACEMENT.—If a member or alternate of the Board who was appointed as a producer, importer, or public representative ceases to belong to the group for which such member was appointed, such member or alternate shall be disqualified from serving on the Board.

(6) COMPENSATION.—Members and alternates of the Board shall serve without pay.

(7) TRAVEL EXPENSES.—While away from their homes or regular places of business in the performance of duties for the Board, members and alternates shall be allowed travel expenses, including a per diem allowance in lieu of subsistence, in the same manner as persons employed intermittently in Government service are allowed travel expenses under section 5703 of title 5, United States Code.

(8) POWERS AND DUTIES.—The Board shall—

(A) administer orders issued by the Secretary under section 1484(a), and amendments to such orders, in accordance with their terms and provisions and consistent with this part;

(B) prescribe rules and regulations to effectuate the terms and provisions of such orders;

(C) receive, investigate, and report to the Secretary accounts of violations of such orders;

(D) make recommendations to the Secretary with respect to amendments that should be made to such orders; and

(E) employ a manager and staff.

(c) BUDGETS AND PLANS.—Such order shall provide for periodic budgets and plans as follows:

(1) BUDGETS.—The Board shall prepare and submit to the Secretary a budget (on a fiscal period basis determined by the Secretary) of the anticipated expenses and disbursements of the Board in the administration of the order, including probable costs of research, promotion, and consumer information. A budget shall take effect on the approval of the Secretary.

(2) PLANS.—Each budget shall include a plan for research, promotion, and consumer information regarding limes. A plan under this paragraph shall take

effect on the approval of the Secretary. The Board may enter into contracts and agreements, with the approval of the Secretary, for—

(A) the development and carrying out of such plan; and

(B) the payment of the cost of such plan with funds collected pursuant to this part.

(d) ASSESSMENTS.—Such order shall provide for the imposition and collection of assessments with regard to the production and importation of limes as follows:

(1) RATE.—The assessment rate shall not exceed $.01 per pound of limes.

(2) COLLECTION BY FIRST HANDLERS.—Except as provided in paragraph (4), the first handler of limes shall—

(A) be responsible for the collection from the producer, and payment to the Board, of assessments under this subsection; and

(B) maintain a separate record of the limes of each producer whose limes are so handled, including the limes owned by the handler.

(3) PRODUCER-HANDLERS.—For purposes of paragraph (2), a producer-handler shall be considered the first handler of limes produced by such producer-handler.

(4) IMPORTERS.—The assessment on imported limes shall be paid by the importer at the time of entry into the United States and shall be remitted to the Board.

(5) DE MINIMIS EXCEPTION.—The following persons are exempt from an assessment under this subsection—

(A) a producer who produces less than 35,000 pounds of limes per year;

(B) a producer-handler who produces and handles less than 35,000 pounds of limes per year; and

(C) an importer who imports less than 35,000 pounds of limes per year.

(6) CLAIMING AN EXEMPTION.—To claim an exemption under paragraph (5) for a particular year, a person shall submit an application to the Board—

(A) stating the basis for such exemption; and

(B) certifying that such person will not exceed the limitation required for such exemption in such year.

(e) USE OF ASSESSMENTS.—(1) IN GENERAL.—Such order shall provide that funds paid to the Board as assessments under subsection (d)—

(A) may be used by the Board to—

(i) pay for research, promotion, and consumer information described in the budget of the Board under subsection (c) and for other expenses incurred by the Board in the administration of an order;

(ii) pay such other expenses for the administration, maintenance, and functioning of the Board as may be authorized by the Secretary; and

(iii) fund a reserve established under section 406(4); and

(B) shall be used to pay the expenses incurred by the Secretary, including salaries and expenses of government employees in implementing and administering the order, except as provided in paragraph (2).

(2) REFERENDA.—Such order shall provide that the Board shall reimburse the Secretary, from assessments collected under subsection (d), for any expenses incurred by the Secretary in conducting referenda under this part, except for the salaries of Government employees.

(f) FALSE CLAIMS.—Such order shall provide that any promotion funded with assessments collected under subsection (d) may not make—

(1) any false or unwarranted claims on behalf of limes; and

(2) any false or unwarranted statements with respect to the attributes or use of any product that competes with limes for sale in commerce.

(g) PROHIBITION ON USE OF FUNDS.—Such order shall provide that funds collected by the Board under this part through assessments authorized by this part may not, in any manner, be used for the purpose of influencing legislation or governmental policy or action, except for making recommendations to the Secretary as provided for in this part.

(h) BOOKS, RECORDS, AND REPORTS.—(1) BY THE BOARD.—Such order shall require the board—

(A) to maintain books and records with respect to the receipt and disbursement of funds received by the Board;

(B) to submit to the Secretary from time to time such reports as the Secretary may require for appropriate accounting; and

(C) to submit to the Secretary at the end of each fiscal year a complete audit report regarding the activities of the Board during such fiscal year.

(2) BY OTHERS.—So that information and data will be available to the Board and the Secretary that is appropriate or necessary for the effectuation, administration,

or enforcement of this part (or any order or regulation issued under this part), such order shall require handlers, producer-handlers, and importers who are responsible for the collection, payment, or remittance of assessments under subsection (d)—

(A) to maintain and make available for inspection by the employees of the Board and the Secretary such books and records as may be required by the order; and

(B) to file, at the times, in the manner, and having the content prescribed by the order, reports regarding the collection, payment, or remittance of such assessments.

(i) CONFIDENTIALITY.—(1) IN GENERAL.—Such order shall require that all information obtained pursuant to subsection (h)(2) shall be kept confidential by all officers and employees of the Department and of the Board. Only such information as the Secretary considers relevant shall be disclosed to the public and only in a suit or administrative hearing, brought at the request of the Secretary or to which the Secretary or any officer of the United States is a party, involving the order with respect to which the information was furnished or acquired.

(2) LIMITATIONS.—Nothing in this subsection prohibits—

(A) issuance of general statements based on the reports of a number of handlers, producer-handlers, and importers subject to an order, if the statements do not identify the information furnished by any person; or

(B) the publication by direction of the Secretary, of the name of any person violating an order issued under section 1484(a), together with a statement of the particular provisions of the order violated by such person.

(j) WITHHOLDING INFORMATION.—Nothing in this part shall be construed to authorize the withholding of information from Congress.

SEC. 1486. PERMISSIVE TERMS IN ORDERS.

On the recommendation of the Board and with the approval of the Secretary, an order issued under section 1484(a) may—

(1) provide authority to the Board to exempt from such order limes exported from the United States, subject to such safeguards as the Board may establish to ensure proper use of the exemption;

(2) provide authority to the Board to designate different handler payment and reporting schedules to recognize differences in marketing practices and procedures;

(3) provide that the Board may convene from time to time working groups drawn from producers, handlers, producer-handlers, importers, exporters, or the general public to assist in the development of research and marketing programs for limes;

(4) provide authority to the Board to accumulate reserve funds from assessments collected pursuant to section 1485(d) to permit an effective and continuous coordinated program of research, promotion, and consumer information, in years in which production and assessment income may be reduced, except that any reserve fund so established may not exceed the amount budgeted for operation of this part for 1 year;

(5) provide authority to the Board to use, with the approval of the Secretary, funds collected under section 1485(d) for the development and expansion of lime sales in foreign markets; and

(6) provide for terms and conditions—

(A) incidental to, and not inconsistent with, the terms and conditions specified in this part; and

(B) necessary to effectuate the other provisions of such order.

SEC. 1487. PETITION AND REVIEW.

(a) PETITION.—(1) IN GENERAL.—A person subject to an order may file with the Secretary a petition—

(A) stating that such order, a provision of such order, or an obligation imposed in connection with such order is not in accordance with law; and

(B) requesting a modification of the order or an exemption from the order.

(2) HEARINGS.—A person submitting a petition under paragraph (1) shall be given an opportunity for a hearing on the petition, in accordance with regulations issued by the Secretary.

(3) RULING.—After the hearing, the Secretary shall make a ruling on the petition which shall be final if in accordance with law.

(b) REVIEW.—(1) COMMENCEMENT OF ACTION.—The district courts of the United States in any district in which such person who is a petitioner under subsection (a) resides or carries on business are hereby vested with jurisdiction to review the

ruling on such person's petition, if a complaint for that purpose is filed within 20 days after the date of the entry of a ruling by the Secretary under subsection (a).

(2) PROCESS.—Service of process in such proceedings shall be conducted in accordance with the Federal Rules of Civil Procedure.

(3) REMANDS.—If the court determines that the ruling is not in accordance with law, the court shall remand the matter to the Secretary with directions either—

(A) to make such ruling as the court shall determine to be in accordance with law; or

(B) to take such further action as, in the opinion of the court, the law requires.

(4) ENFORCEMENT.—The pendency of proceedings instituted pursuant to subsection (a) shall not impede, hinder, or delay the Attorney General or the Secretary from obtaining relief pursuant to section 1488.

SEC. 1188. ENFORCEMENT.

(a) JURISDICTION.—Each district court of the United States shall have jurisdiction specifically to enforce, and to prevent and restrain any person from violating, any order or regulation made or issued by the Secretary under this part.

(b) REFERRAL TO ATTORNEY GENERAL.—A civil action authorized to be brought under this section shall be referred to the Attorney General for appropriate action, except that the Secretary is not required to refer to the Attorney General a violation of this part, or any order or regulation issued under this part, if the Secretary believes that the administration and enforcement of this part would be adequately served by administrative action under subsection (c) or suitable written notice or warning to any person committing the violation.

(c) CIVIL PENALTIES AND ORDERS.—(1) CIVIL PENALTIES.—Any person who willfully violates any provision of any order or regulation issued by the Secretary under this part, or who fails or refuses to pay, collect, or remit any assessment or fee duly required of the person under the order or regulation, may be assessed a civil penalty by the Secretary of not less than $500 nor more than $5,000 for each such violation. Each violation shall be a separate offense.

(2) CEASE AND DESIST ORDERS.—In addition to or in lieu of such civil penalty, the Secretary may issue an order requiring such person to cease and desist from continuing such violation.

(3) NOTICE AND HEARING.—No order assessing a penalty or cease and desist order may be issued by the Secretary under this subsection unless the Secretary gives the person against whom the order is issued notice and opportunity for a hearing on the record before the Secretary with respect to such violation.

(4) FINALITY.—The order of the Secretary assessing a penalty or imposing a cease and desist order shall be final and conclusive unless the person against whom the order is issued files an appeal from such order with the appropriate district court of the United States, in accordance with subsection (d).

(d) REVIEW BY UNITED STATES DISTRICT COURT.—(1) COMMENCEMENT OF ACTION.—Any person against whom a violation is found and a civil penalty assessed or cease and desist order issued under subsection (c) may obtain review of the penalty or order in the district court of the United States for the district in which such person resides or does business, or the United States district court for the District of Columbia, by—

(A) filing a notice of appeal in such court not later than 30 days after the date of such order; and

(B) simultaneously sending a copy of such notice by certified mail to the Secretary.

(2) RECORD.—The Secretary shall promptly file in such court a certified copy of the record on which the Secretary found that the person had committed a violation.

(3) STANDARD OF REVIEW.—A finding of the Secretary shall be set aside only if the finding is found to be unsupported by substantial evidence.

(e) FAILURE TO OBEY ORDERS.—Any person who fails to obey a cease and desist order issued by the Secretary after the order has become final and unappealable, or after the appropriate United States district court has entered a final judgment in favor of the Secretary, shall be subject to a civil penalty assessed by the Secretary, after opportunity for a hearing and for judicial review under the procedures specified in subsections (c) and (d), of not more than $500 for each offense. Each day during which such failure continues shall be considered a separate violation of such order.

(f) FAILURE TO PAY PENALTIES.—If a person fails to pay an assessment of a civil penalty after it has become a final and unappealable order issued by the Secretary, or after the appropriate United States district court has entered final judgment in

favor of the Secretary, the Secretary shall refer the matter to the Attorney General for recovery of the amount assessed in the district court of the United States in any district in which the person resides or conducts business. In such action, the validity and appropriateness of the final order imposing such civil penalty shall not be subject to review.

SEC. 1489. INVESTIGATIONS AND POWER TO SUBPOENA.

(a) IN GENERAL.—The Secretary may make such investigations as the Secretary considers necessary—

(1) for the effective carrying out of the responsibilities of the Secretary under this part; or

(2) to determine whether a person subject to the provisions of this part has engaged or is engaging in any act that constitutes a violation of any provision of this part, or any order, rule, or regulation issued under this part.

(b) POWER TO SUBPOENA.—(1) Investigations.—For the purpose of an investigation made under subsection (a), the Secretary may administer oaths and affirmations and may issue a subpoena to require the production of any records that are relevant to the inquiry. The production of any such records may be required from any place in the United States.

(2) ADMINISTRATIVE HEARINGS.—For the purpose of an administrative hearing held under section 1487 or section 1488, the presiding officer is authorized to administer oaths and affirmations, subpoena witnesses, compel their attendance, take evidence, and require the production of any records that are relevant to the inquiry. Such attendance of witnesses and the production of any such records may be required from any place in the United States.

(c) AID OF COURTS.—In case of contumacy by, or refusal to obey a subpoena to, any person, the Secretary may invoke the aid of any court of the United States within the jurisdiction of which such investigation or proceeding is carried on, or where such person resides or carries on business, in order to enforce a subpoena issued by the Secretary under subsection (b). The court may issue an order requiring such person to comply with such a subpoena.

(d) CONTEMPT.—Any failure to obey such order of the court may be punished by such court as a contempt thereof.

(e) PROCESS.—Process in any such case may be served in the judicial district of which such person resides or conducts business or wherever such person may be found.

(f) HEARING SITE.—The site of any hearings held under this section shall be within the judicial district where such person is an inhabitant or has a principal place of business.

SEC. 1490. INITIAL REFERENDUM.

(a) REQUIREMENT.—Not later than 2 years after the date on which the Secretary first issues an order under section 1484(a), the Secretary shall conduct a referendum among producers, producer-handlers, and importers who—

(1) are not exempt from assessment under section 1485(d)(5); and

(2) produced or imported limes during a representative period as determined by the Secretary.

(b) PURPOSE OF REFERENDUM.—The referendum referred to in subsection (a) is for the purpose of determining whether the issuance of the order is approved or favored by not less than a majority of the producers, producer-handlers, and importers voting in the referendum. The order shall continue in effect only with such a majority.

(c) CONFIDENTIALITY.—The ballots and other information or reports that reveal, or tend to reveal, the vote of any person under this section, or section 1491, shall be held strictly confidential and shall not be disclosed.

(d) REFUND OF ASSESSMENTS FROM ESCROW ACCOUNT.—(1) IN GENERAL.—A portion of the assessments collected from producers, producer-handlers, and importers prior to announcement of the results of the referendum provided for in this section shall be held in an escrow account until the results of the referendum are published by the Secretary. The amount in the escrow account shall be equal to the product obtained by multiplying the total amount of assessments collected during such period by 10 percent.

(2) APPROVAL OF ORDER.—If the order is approved by a majority of the producers, producer-handlers, and importers voting in the initial referendum under subsection (a), the funds in the escrow account shall be released to be used for the purposes of this part.

(3) DISAPPROVAL OF ORDER.—(A) PRORATION.—If—

(i) the amount in the escrow account required by paragraph (1) is not sufficient to refund the total amount of assessments demanded by producers, producer-handlers, or importers; and

(ii) the plan is not approved pursuant to the referendum conducted under subsection (a);

the Board shall prorate the amount of such refunds among all eligible producers, producer-handlers, or importers who demand such refund.

(B) RIGHT TO REFUND.—A producer, producer-handler, or importer shall be eligible to receive a refund—

(i) if demand is made personally, in accordance with regulations and on a form and within a time period prescribed by the Board, but in no event less than 90 days after the date of publication of the results of the referendum; and

(ii) on submission of proof satisfactory to the Board that the person paid the assessment for which refund is sought and did not collect the assessment from another person.

(C) SURPLUS FUNDS.—Any funds not refunded under this paragraph shall be released to be used to carry out this part.

SEC. 1491. SUSPENSION AND TERMINATION.

(a) FINDING OF SECRETARY.—If the Secretary finds that an order issued under section 1484(a), or a provision of such order, obstructs or does not tend to effectuate the purposes of this part, the Secretary shall terminate or suspend the operation of such order or provision.

(b) PERIODIC REFERENDA.—The Secretary may periodically conduct a referendum to determine if lime producers, producer-handlers, and importers favor the continuation, termination, or suspension of any order issued under section 1484(a) and in effect at the time of such referendum.

(c) REQUIRED REFERENDA.—The Secretary shall hold a referendum under subsection (b)—

(1) at the request of the Board; or

(2) if not less than 10 percent of the lime producers, producer-handlers, and importers subject to assessment under this part submit a petition requesting such a referendum.

(d) LIMITATION.—The termination or suspension of any order, or any provision thereof, shall not be considered an order within the meaning of this part.

(e) VOTE.—The Secretary shall suspend or terminate the order at the end of the marketing year if the Secretary determines that—

(1) the suspension or termination of the order is favored by not less than a majority of those persons voting in a referendum under subsection (b); and

(2) the producers, producer-handlers, and importers comprising this majority produce and import more than 50 percent of the volume of limes produced and imported by those voting in the referendum.

SEC. 1492. AUTHORIZATION OF APPROPRIATIONS.

(a) IN GENERAL.—There are authorized to be appropriated for each fiscal year such funds as are necessary to carry out this part.

(b) ADMINISTRATIVE EXPENSES.—The funds so appropriated shall not be available for payment of the expenses or expenditures of the Board in administering any provisions of an order issued under this part.

SEC. 1493. REGULATIONS.

The Secretary may issue such regulations as are necessary to carry out this part.

TITLE XV—STATE AND PRIVATE FORESTRY

SEC. 1501. FIREFIGHTING PREPAREDNESS AND MOBILIZATION ASSISTANCE.

(a) ASSISTANCE TO STATE FORESTERS.—Section 7(b) of the Cooperative Forestry Assistance Act of 1978 (16 U.S.C. 2106(b)) (hereafter in this section referred to as the "Act") is amended—

(1) by striking "and" at the end of paragraph (2);

(2) by striking the period at the end of paragraph (3) and inserting "; and"; and

(3) by adding at the end the following:

"(4) provide financial, technical, and related assistance to State foresters or equivalent State officials, and through them to other agencies and individuals, including rural volunteer fire departments, to conduct preparedness and mobilization activities, including training, equipping, and otherwise enabling state

and local firefighting agencies to respond to requests for fire suppression assistance.".

(b) APPROPRIATIONS.—Section 7(e) of the Act (16 U.S.C. 2106(e)) is amended—

(1) by striking "(e)" and inserting "(e)(1)"; and

(2) in paragraph (1) (as so redesignated), by inserting "paragraphs (1), (2), and (3) of" after "implement"; and

(3) by adding at the end thereof the following:

"(2)(A) There are hereby authorized to be appropriated annually $40,000,000 to carry out subsection (b)(4). Of the total amount appropriated to carry out this subsection—

"(i) one-half shall be available only for State agencies administered by State foresters or equivalent State officials, and through them to other agencies and individuals, to enhance their firefighting capability and conduct mobilization activities, of which not less than $100,000 shall be made available to each State; and

"(ii) one-half shall be available only for rural volunteer fire departments to conduct activities pursuant to subsection (b)(4).

"(B) The Federal share of the cost of any activity carried out with funds made available pursuant to this paragraph may not exceed 50 percent of the cost of that activity. The non-Federal share for such activity may be in the form of cash, services, or in-kind contributions, fairly valued.".

(c) DEFINITIONS.—Section 7 of the Act (16 U.S.C. 2106) is amended by adding at the end the following:

"(g) As used in this Section—

"(1) the term 'rural volunteer fire department' means any organized, not for profit, fire protection organization that provides service primarily to a community or city with a population of 10,000 or less or to a rural area, as defined by the Secretary, whose firefighting personnel is 80 percent or more volunteer, and that is recognized as a fire department by the laws of the State; and

"(2) the term 'mobilization' means any activity in which one fire fighting organization assists another that has requested assistance.".

SEC. 1502. INSECT CONTROL.

Section 5 of the Cooperative Forestry Assistance Act of 1978 (16 U.S.C. 2104) is amended—

(1) in subsection (g) by inserting ", other than subsection (h)" after "section"; and

(2) by adding at the end the following:

"(h) Subject to the provisions of subsections (c) and (e) and to the availability of appropriations, the Secretary shall, in cooperation with State foresters or equivalent State officials, subdivisions of States, or other entities on non-Federal lands, (hereafter in this section referred to as the 'cooperator')—

"(1) provide cost-share assistance to such cooperators who have established an acceptable integrated pest management strategy, as determined by the Secretary, that will prevent, retard, control, or suppress gypsy moth, southern pine beetle, or spruce budworm infestations in an amount no less than 50 percent nor greater than 75 percent of the cost of implementing such strategy; and

"(2) upon request, assist the cooperator in the development of such integrated pest management strategy.

"(i) There are hereby authorized to be appropriated annually $10,000,000 to implement subsection (h).".

SEC. 1503. DISASTER ASSISTANCE.

(a) IN GENERAL.—The Secretary of Agriculture is authorized to provide assistance under this section to eligible landowners who suffer destruction of 35 percent or more of a tree stand due to damaging weather, related condition or wildfire.

(b) FORM OF ASSISTANCE.—The assistance, if any, provided by the Secretary under this section shall consist of either—

(1) reimbursement of up to 65 percent of the cost of reestablishing such tree stand damaged by the damaging weather, related condition or wildfire in excess of 35 percent mortality; or

(2) at the discretion of the Secretary, provision of sufficient tree seedlings to reestablish such tree stand.

(c) CONDITIONS.—(1) LIMITATION ON ASSISTANCE.—No person may receive an amount in excess of $25,000 in any fiscal year, or an equivalent value in tree seedlings, under this section.

(2) INELIGIBILITY.—A person who has qualifying gross revenues in excess of $2,000,000 annually, as determined by the Secretary of Agriculture, shall not be eligible to receive any disaster payment or other benefits under this section.

(3) IMPLEMENTATION.—In implementing this section, the Secretary shall issue regulations—

(A) defining the term "person" for the purposes of this section that shall conform, to the extent practicable, to the regulations defining the term "person" issued under section 1001 of the Food Security Act of 1985 (7 U.S.C. 1308);

(B) prescribing such rules as the Secretary determines necessary to ensure a fair and reasonable application of the limitations established under this subsection; and

(C) ensuring that no person receives duplicative payments or assistance under this section and the Stewardship Incentive Program established by Section 4A of the Cooperative Forestry Assistance Act of 1978 as amended by section 1507 of this Act, the Agricultural Conservation Program established by Section 16(b) of the Soil Conservation and Domestic Allotment Act (16 U.S.C. 590h, 590l, or 590p), or other Federal program.

(d) DEFINITIONS.—As used in this section—

(1) the term "damaging weather" includes but is not limited to drought, hail, excessive moisture, freeze, tornado, hurricane, excessive wind, or any combination thereof;

(2) the term "eligible landowner" means a person who—

(A) produces annual crops from trees for commercial purposes and owns 500 acres or less of such trees; or

(B) owns 1,000 acres or less of private forest land;

(3) the term "qualifying gross revenues" means—

(A) if a majority of the person's annual income is received from farming, ranching, and forestry operations, the gross revenue from the person's farming, ranching, and forestry operations; and

(B) if less than a majority of the person's annual income is received from farming, ranching, and forestry operations, the person's gross revenue from all sources;

(4) the term "related condition" includes but is not limited to insect infestations, disease, or other deterioration of a tree stand, that is accelerated or exacerbated by damaging weather;

(5) the term "Secretary" means the Secretary of Agriculture; and

(6) the term "wildfire" means any forest or range fire.

SEC. 1504. RESEARCH AND UTILIZATION.

(a) REFORESTATION RESEARCH; APPROPRIATIONS; PRIVATE FORESTRY.—Section 3 of the Forest and Rangeland Renewable Resources Research Act of 1978 (16 U.S.C. 1642) is amended—

(1) in subsection (a)(1) by inserting after "energy conservation, and other purposes" the following: ", including activities for encouraging improved reforestation of forest lands from which timber has been harvested";

(2) in subsection (b) by—

(A) inserting "(1)" immediately prior to the words "To ensure the availability,"; and

(B) adding at the end the following:

"(2) In implementing this subsection, the Secretary is authorized to develop and implement improved methods of survey and analysis of forest inventory information, for which purposes there are hereby authorized to be appropriated annually $10,000,000."; and

(3) by adding at the end the following:

"(d) The Secretary is authorized to conduct, support, and cooperate in studies and other activities the Secretary deems necessary to—

"(1) evaluate renewable resource management problems associated with urban-forest interface;

"(2) assess effects of changes in Federal revenue codes on private forest management and investment; and

"(3) develop improved delivery systems for information and technical assistance provided to private landowners.".

(b) RECYCLING RESEARCH.—Section 9 of the Forest and Rangeland Renewable Resources Research Act of 1978 (16 U.S.C. 1641 et seq.) is amended to read as follows:

"SEC. 9. RECYCLING RESEARCH.

"(a) FINDINGS.—Congress finds that—

"(1) the United States is amassing vast amounts of solid wastes, which is presenting an increasing problem for municipalities in locating suitable disposal sites;

"(2) a large proportion of these wastes consists of paper and other wood wastes;

"(3) less than one-third of these paper and wood wastes are recycled;

"(4) additional recycling would result in reduced solid waste landfill disposal and would contribute to a reduced rate of removal of standing timber from forest lands; and

"(5) additional research is needed to develop technological advances to address barriers to increased recycling of paper and wood wastes and utilization of products consisting of recycled materials.

"(b) RECYCLING RESEARCH PROGRAM.—The Secretary is authorized to conduct, support, and cooperate in an expanded wood fiber recycling research program, including the acquisition of necessary equipment. The Secretary shall seek to ensure that the program includes the cooperation and support of private industry and that program goals include the application of such research to industry and consumer needs.

"(c) AUTHORIZATION OF APPROPRIATIONS.—In addition to any other funds made available to implement section 3 of this Act, for the 5-year period beginning on October 1, 1990, there are authorized to be appropriated annually $10,000,000 to implement this section.".

(c) MODERN TIMBER BRIDGE INITIATIVE.—(1) IN GENERAL.—The Secretary of Agriculture is authorized to continue the Modern Timber Bridge Initiative to provide Federal funds, on a cost-share basis as determined by the Secretary, for the construction of demonstration bridges, modern bridge technology transfer projects, and conferences.

(2) APPROPRIATIONS.—There are hereby authorized to be appropriated annually $5,000,000 to carry out this subsection.

(d) FORESTRY RESEARCH NEEDS ASSESSMENTS.—Within six months after the date of enactment of this Act, the Secretary shall submit to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate a report that responds to the recommendations contained in the report of the National Research Council entitled "Forestry Research: A Mandate for Change". The report shall include—

(1) an assessment of the capability of current forestry research programs to address research areas specified in the report, including research on ecosystem functions and management;

(2) an evaluation of alternatives to current organizational frameworks for providing guidance to forestry research programs and establishing research priorities, including the establishment of a National Forestry Research Council; and

(3) recommendations for changes in current forestry research programs, including levels of research funding, that may be needed to address existing deficiencies.

SEC. 1505. FOREST RESERVE PROGRAM.

(a) IN GENERAL.—The Secretary of Agriculture (hereafter in this section referred to as the "Secretary") may establish a Forest Reserve Program (hereafter in this section referred to as the "Program") in cooperation with States and subdivisions of States for the purpose of protecting environmentally sensitive forest lands that are threatened by conversion to nonforest uses through the creation and administration of easements on such forest lands.

(b) INTERESTS IN LAND.—The Secretary may purchase interests in land eligible for inclusion in the forest reserve program established under this section from willing owners of forest lands, for the protection of forest and environmental resources.

(c) PILOT PROJECTS.—Not later than 1 year after the date of enactment of this Act, the Secretary shall establish four pilot projects to meet the goals and requirements of this section for the Program.

(d) ELIGIBILITY.—The Secretary shall establish eligibility criteria for the inclusion of forest lands threatened by conversion to nonforest uses in the Program. Of forest lands proposed to be included in the Program the Secretary shall give priority to forest lands—

(1) that are threatened by development;

(2) with unique scenic character; or

(3) with threatened or endangered species.

(e) APPLICATION.—To be eligible to enter forest lands in the Program, the owner of such forest lands shall prepare and submit, through State foresters or equivalent State officials, an application containing such information as the Secretary shall re-

quire including a forest reserve plan that demonstrates satisfaction of the eligibility criteria established under subsection (d) and also provides for—

(1) the identification of the environmental rationale for bringing the forest lands into the Program, including the environmental values to be protected by entry of the lands into the Program;

(2) any management activity that is planned and the manner in which the values identified in such plan are to be protected; and

(3) the disclosure of other information determined appropriate by the Secretary.

(f) CONSULTATION.—The Secretary shall determine the eligibility of forest lands for inclusion within the Program in consultation with the State forester or equivalent State official and other appropriate State natural resource management agencies.

(g) DUTIES OF OWNERS.—Under the terms of an easement acquired under subsection (b), the landowner shall manage such forest lands, and conduct any timber harvesting on such lands, in a manner that is consistent with the forest reserve plan approved by the Secretary and shall not convert such forest lands to agricultural (other than forest), development, or other uses during the life of the interest in the land that is acquired by the Secretary. Hunting, fishing, and similar recreational uses shall not be considered to be inconsistent with the purposes of this program.

(h) REIMBURSEMENT.—(1) IN GENERAL.—In return for an interest in land acquired by the Secretary under this section, the Secretary shall compensate the landowner for such interest according to this subsection.

(2) RATE AND SCHEDULE.—The Secretary, in consultation with the State forester or equivalent State official, shall determine the appropriate reimbursement rate and schedule for each parcel of forest lands proposed for entry into the Program. Such determination shall be based on—

(A) the real estate value of the land;

(B) the ecological and scenic value of the land;

(C) the degree of threat of loss of forest land;

(D) income potential anticipated from use of the land; and

(E) any other criteria that are determined appropriate by the Secretary.

(3) PAYMENTS.—Payments under this section shall—

(A) be lump-sum or periodic payments that are established within the easement; and

(B) be based on other criteria determined appropriate by the Secretary.

(i) PROHIBITIONS ON LIMITATIONS.—Notwithstanding any provision of State law, no easement held by the United States under this section shall be limited in duration or scope or defeasible by—

(1) the easement being in gross or appurtenant;

(2) the management of the easement having been delegated or assigned to a non-Federal entity; or

(3) any requirement under State law for re-recordation or renewal of the easement.

SEC. 1506. FOREST LAND PROTECTION STUDIES.

(a) NORTHERN FOREST LANDS.—The Secretary of Agriculture (hereafter in this section referred to as the "Secretary") is authorized to continue support for the study of changing land ownership and management patterns in the northern forest lands of Maine, New Hampshire, Vermont, and New York.

(b) NEW YORK-NEW JERSEY HIGHLANDS.—(1) IN GENERAL.—The Secretary is authorized to conduct a study of the region known as the New York-New Jersey Highlands, located in the States of New York, New Jersey, and Pennsylvania, including the Sterling Forest in Orange County, New York.

(2) SCOPE OF STUDY.—The study authorized under this subsection (hereafter in this section referred to as the "study") shall include an identification and assessment of—

(A) the physiographic boundaries of the region referred to in this subsection (hereafter in this section referred to as the "region");

(B) forest resources of the region, including (but not limited to) timber and other forest products, fish and wildlife, lakes and rivers, and recreation;

(C) historical land ownership patterns in the region and projected future land ownership, management, and use, including future recreational demands and deficits and the potential economic benefits of recreation to the region;

(D) the likely impacts of changes in land and resource ownership, management, and use on traditional land use patterns in the region, including econom-

ic stability and employment, public use of private lands, natural integrity, and local culture and quality of life; and

(E) alternative conservation strategies to protect the long-term integrity and traditional uses of lands within the region.

(3) ALTERNATIVE CONSERVATION STRATEGIES.—The alternative conservation strategies referred to in paragraph (2)(E) shall include a consideration of—

(A) sustained flow of renewable resources in a combination that will meet the present and future needs of society;

(B) public access for recreation;

(C) protection of fish and wildlife habitat;

(D) preservation of biological diversity and critical natural areas; and

(E) new local, State, or Federal designations.

(4) PUBLIC PARTICIPATION.—In conducting the study, the Secretary shall provide an opportunity for public participation.

(c) APPROPRIATIONS.—There are hereby authorized to be appropriated such sums as may be necessary to implement this section.

SEC. 1507. FOREST RESOURCES MANAGEMENT IMPROVEMENT, STEWARDSHIP, AND REFORESTATION PROGRAM.

(a) FINDINGS AND PURPOSE.—Section 2 of the Cooperative Forestry Assistance Act of 1978 (16 U.S.C. 2101) (hereafter in this section referred to as the "Act") is amended to read as follows:

"SEC. 2. FINDINGS, PURPOSE, AND POLICY.

"(a) FINDINGS.—Congress finds that—

"(1) most of the productive forest land of the United States is in private, State, and local governmental ownership, and the capacity of the United States to produce renewable forest resources is significantly dependent on such non-Federal forest lands;

"(2) adequate supplies of timber and other forest resources are essential to the Nation and are dependent on proper forest management and efficient methods for establishing, managing, and harvesting trees and processing, marketing, and using wood and wood products;

"(3) nearly one-half of the wood supply of the Nation comes from non-industrial private timberlands and such percentage could rise with expanded assistance programs;

"(4) non-industrial private forest lands provide important habitats for fish and wildlife, as well as aesthetics, outdoor recreation opportunities, and other goods and services;

"(5) the soil, water, air quality, and aesthetics of the Nation can be maintained and improved through good stewardship of privately held forest resources;

"(6) insects and diseases affecting trees occur and sometimes create emergency conditions on all land, whether Federal or non-Federal, and efforts to prevent and control such insects and diseases often require coordinated action by both Federal and non-Federal land managers;

"(7) fires in rural areas threaten human lives, property, and forests and other resources, and Federal-State cooperation in forest fire protection has proven effective and valuable;

"(8) the products and services resulting from non-industrial private forest land stewardship provide income and employment that contributes to the economic health and diversity of rural communities;

"(9) stewardship of privately held forest resources requires a long-term commitment that can only be fostered through local, State, and Federal governmental actions; and

"(10) the Department of Agriculture, through the coordinated efforts of the Agriculture Research Service, Agriculture Stabilization and Conservation Service, Cooperative State Research Service, Extension Service, Forest Service, and Soil Conservation Service, cooperating with other Federal agencies, and State foresters and others, has the expertise and experience to assist private landowners in achieving individual goals and public benefits.

"(b) PURPOSE.—It is the purpose of this Act to authorize the Secretary of Agriculture (hereafter in this Act referred to as the 'Secretary'), with respect to non-Federal forest lands, to assist in—

"(1) the establishment of a coordinated and cooperative Federal, State, and local forest resources stewardship program to promote the multiple-use management of the non-Federal forest lands of the United States;

"(2) the encouragement of the production of timber;

"(3) the prevention and control of insects and diseases affecting trees and forests;

"(4) the prevention and control of rural fires;

"(5) the efficient utilization of wood and wood residues, including the recycling of wood fiber;

"(6) the improvement and maintenance of fish and wildlife habitat;

"(7) the planning and implementation of urban forestry programs; and

"(8) the strengthening of educational, technical and financial assistance programs that provide assistance to non-Federal forest land owners.

"(c) POLICY.—It is the policy of Congress that it is in the national interest for the Secretary to work in cooperation with State foresters or equivalent State officials and the private sector in implementing Federal programs affecting non-Federal forest lands.

"(d) CONSTRUCTION.—This Act shall be construed to complement the policies and direction under the Forest and Rangeland Renewable Resources Planning Act of 1974 (16 U.S.C. 1600 et seq.).".

(b) RURAL FORESTRY ASSISTANCE.— Section 3 of the Act (16 U.S.C. 2102) is amended to read as follows:

"SEC. 3. RURAL FORESTRY ASSISTANCE.

"(a) IN GENERAL.—The Secretary, in consultation with the appropriate Federal, State and local agencies, and the private sector shall establish and implement expanded programs that provide educational and technical assistance to meet the goals of this Act.

"(b) ASSISTANCE TO STATE OFFICIALS.—The Secretary may provide financial, technical, educational, and related assistance to State foresters, State extension directors, and equivalent State officials to enable such officials to provide technical information, advice, and related assistance to private forest land owners and managers, vendors, forest resource operators, forest resource professionals, public agencies and individuals to enable such persons to carry out activities that are consistent with the purposes of this Act, including—

"(1) protecting, maintaining, enhancing, and preserving forest lands and the multiple values and uses that depend on such lands;

"(2) identifying, protecting, maintaining, enhancing and preserving wildlife and fish species and their habitats;

"(3) implementing the latest forest management technologies;

"(4) selecting, producing, and marketing alternative forest crops, products and services from forest lands;

"(5) protecting forest land from damage caused by fire, insects, disease, and damaging weather;

"(6) managing the rural-land and urban-land interface to balance the use of forest resources in and adjacent to urban and community areas;

"(7) identifying and managing recreational forest land resources; and

"(8) administering the management of resources of forest lands, including—

"(A) the harvesting, processing, and marketing of timber and other forest resources and the marketing and utilization of wood and wood products;

"(B) the conversion of wood to energy for domestic, industrial, municipal, and other uses;

"(C) the planning, management, and treatment of forest land, including site preparation, reforestation, thinning, prescribed burning, and other silvicultural activities designed to increase the quantity and improve the quality of timber and other forest resources;

"(D) ensuring that forest regeneration or reforestation occurs if needed to sustain long-term resource productivity;

"(E) protecting and improving forest soil fertility and the quality, quantity, and timing of water yields; and

"(F) protecting and improving fish and wildlife and their habitats.

"(c) ASSISTANCE TO STATE FORESTERS.—The Secretary is authorized to provide financial, technical, and related assistance to State foresters, or equivalent State officials, to—

"(1) develop genetically improved tree seeds;

"(2) procure, produce, and distribute tree seeds and trees for the purpose of establishing forests, windbreaks, shelterbelts, woodlots, and other plantings;

"(3) plant tree seeds and trees for the reforestation or afforestation of non-Federal forest lands that are suitable for timber production, recreational use or the generation of other benefits associated with the growing of trees;

"(4) plan, organize, and implement measures on non-Federal forest lands, including thinning, prescribed burning, and other silvicultural activities designed to increase the quantity and improve the quality of trees and other vegetation, fish and wildlife habitat, and water yielded therefrom; and

"(5) protect or improve soil fertility on non-Federal forest lands and the quality, quantity, and timing of water yields.

"(d) LAND GRANT UNIVERSITIES.—The Secretary, in consultation with the State foresters or equivalent State officials, may cooperate directly with other State and local natural resource management agencies and land grant universities in implementing this Act in cases in which the State foresters or equivalent State officials are not able to make fund transfers to other State and local agencies.

"(e) IMPLEMENTATION.—In implementing this section, the Secretary shall cooperate with other Federal, State, and local natural resource management agencies, universities and the private sector.

"(f) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated such sums as may be necessary to carry out this section.".

(c) FOREST RESOURCES STEWARDSHIP PROGRAM.— Section 4 of the Act (16 U.S.C. 2103) is amended to read as follows:

"SEC. 4. FOREST RESOURCES STEWARDSHIP PROGRAM.

"(a) ESTABLISHMENT.—The Secretary, in consultation with State foresters or equivalent State officials, shall establish a Forest Resources Stewardship Program, (hereafter referred to in this section as the 'Program'), to encourage the long-term stewardship of nonindustrial private forest lands by assisting owners of such lands to more actively manage their forest and related resources by utilizing existing State, Federal, and private sector resource management expertise and assistance programs.

"(b) GOAL.—The goal of the Program shall be to enroll at least 25,000,000 acres of nonindustrial private forest land in the Program by December 31, 1995.

"(c) DEFINITION.—For the purposes of this section, the term 'private forest land' means land capable of producing crops of industrial wood and owned by any private individual, group, association, corporation, Indian tribe or other native group, or other legal entity.

"(d) IMPLEMENTATION.—In carrying out the Program the Secretary, in consultation with each State Forester or equivalent State official, shall—

"(1) establish a State Advisory Committee in accordance with section 11(b); and

"(2) provide financial, technical, and related assistance to State Foresters or equivalent State officials, including assistance to help such State Foresters or equivalent officials to provide financial assistance to other State and local natural resource entities, both public and private, and land-grant universities for the delivery of information and professional assistance to owners of nonindustrial private forest lands. The Secretary, in consultation with each State forester or equivalent State official, is also authorized to cooperate directly with other State and local natural resource entities, both public and private, and land-grant universities in implementing this section where the State forester or equivalent State officials are not able to make fund transfers to other agencies. Such information and assistance shall be directed to help the owners of such nonindustrial forest lands understand and evaluate alternative actions they might take, including—

"(A) managing and enhancing the productivity of timber, fish and wildlife habitat, and water, wetlands, and recreation resources;

"(B) investing in practices to protect, maintain, and enhance the resources identified in subparagraph (A);

"(C) ensuring that afforestation, reforestation, improvement of poorly stocked stands, timber stand improvement, practices necessary to improve seedling growth and survival, and growth enhancement practices occur where needed to enhance and sustain the long-term productivity of timber and non-timber forest resources to help meet future public demand for all forest resources and provide the environmental benefits that result; and

"(D) protecting their forests from damage caused by fire, insects, disease, and damaging weather.

"(e) ELIGIBILITY.—All existing private nonindustrial forest lands that are not currently under a forest management plan are eligible for assistance under the Program. Private nonindustrial forest lands that are managed under existing Federal, State, or private sector financial and technical assistance programs may be eligible for assistance under the Program if the landowner agrees to comply with the re-

quirements of the Program or if forest management activities on such forest lands are expanded or enhanced to meet the requirements of this Act.

"(f) DUTIES OF OWNERS.—To enter forest land into the Program, landowners shall—

"(1) prepare and submit to the State forester or equivalent State official a forest resources stewardship plan that meets the requirements of this section and that—

"(A) is prepared by a professional resource manager;

"(B) identifies and describes actions to be taken by the landowner to protect soil, water, range, aesthetic quality, recreation, timber, water, and fish and wildlife resources on such land in a manner that is compatible with the objectives of the landowner; and

"(C) is approved by the State forester, or equivalent State official, in accordance with Federal and State law; and

"(2) agree that all activities conducted on such land shall be consistent with the stewardship plan.

"(g) PREPARATION OF PLANS.—The Secretary shall encourage the use of private agencies, consultants, organizations, and firms to the extent feasible, for the preparation of individual forest resources stewardship plans and the implementation of approved activities.

"(h) STEWARDSHIP RECOGNITION.—The Secretary, in consultation with State foresters or equivalent State officials, is encouraged to develop an appropriate recognition program for landowners who practice stewardship management on their lands, with an appropriate, special recognition symbol and title.

"(i) AUTHORIZATION OF APPROPRIATIONS.—There are hereby authorized to be appropriated $20,000,000 for each of the fiscal years 1991 through 1995, and such sums as may be necessary thereafter, to carry out this section.".

(d) STEWARDSHIP INCENTIVE PROGRAM.—The Act (16 U.S.C. 2104) is amended—

(1) by inserting after the new section 4, the following new section:

"SEC. 4A. STEWARDSHIP INCENTIVE PROGRAM.

"(a) IN GENERAL.—The Secretary is authorized to develop and implement a Stewardship Incentive Program to provide cost share assistance for tree-planting and other forest management activities in accordance with approved stewardship plans.

"(b) ELIGIBILITY.—Eligibility for cost sharing assistance under the stewardship incentive program established under this section shall be available for owners of existing private nonindustrial forest lands that—

"(1) have developed an approved forest resources stewardship plan pursuant to section 4(f);

"(2) agree to implement approved activities pursuant to subsection (d) in accordance with the plan for a period of not less than 10 years unless the State forester or equivalent State official approves a modification to such plan; and

"(3) own not more than 1,000 acres of private forest land, except that the Secretary may approve the provision of cost-sharing assistance to landowners that own more than 1,000 acres of such land if the Secretary determines that significant public benefits will accrue from such approval. The Secretary shall not approve of the provision of cost-sharing assistance to any landowner owning in excess of 5,000 acres of private forest land.

"(c) STATE PRIORITIES.—The Secretary in consultation with the State forester or equivalent State official, other State natural resource management agencies, and the Advisory Committee established pursuant to section 10A may recommend State priorities for cost-sharing under this section that will promote unique forest management objectives in that State.

"(d) APPROVED ACTIVITIES.—(1) DEVELOPMENT OF LIST.—The Secretary, in consultation with the Advisory Committee established pursuant to section 10A, shall develop a list of approved forest management activities that will be eligible for cost-share assistance under this section within each State.

"(2) TYPE OF ACTIVITIES.—Approved activities under paragraph (1) may include—

"(A) the growing and management of forests for timber production;

"(B) the management and maintenance of forests for shelterbelts, windbreaks, and other conservation purposes;

"(C) the protection, restoration, and use of forest wetlands and native vegetation on other lands vital to water quality;

"(D) the maintenance and improvement of fish and wildlife habitat; and

"(E) the management and protection of forest lands for their aesthetic values and outdoor recreational opportunities.

"(e) REIMBURSEMENT FOR ELIGIBLE ACTIVITIES.—(1) IN GENERAL.—The Secretary may share the cost of developing and carrying out the forest resources stewardship plan under section 4 and of implementing the approved activities that the Secretary determines are appropriate and in the public interest pursuant to subsection (d), with landowners who have entered into agreements to place their forest land into the Stewardship Incentive Program.

"(2) RATE OF REIMBURSEMENT.—The Secretary, in consultation with the State forester, or equivalent State official, shall determine the appropriate reimbursement rate for making cost share payments under paragraph (1), and the schedule of such payments.

"(3) MAXIMUM.—The Secretary shall not make cost share payments under this subsection to a landowner in an amount in excess of 75 percent of the total cost to such landowner of developing and implementing the forest resources stewardship plan. Total payments to any one landowner shall be determined by the Secretary.

"(f) RECAPTURE PROVISION.—The Secretary shall establish and implement a recapture provision to be applied in the event that a landowner terminates any approved practice required under the forest resources stewardship plan.

"(g) DISTRIBUTION OF FUNDS.—The Secretary shall distribute funds available for cost sharing under this section among the States only after assessing the public benefit incident to such distribution, and after giving appropriate consideration to—

"(1) the acreage of private forest land in each State;

"(2) the potential productivity of such land;

"(3) the number of owners of such land eligible for cost sharing in each State;

"(4) the need for reforestation in each State;

"(5) the opportunities to enhance non-timber resources on such forest lands; and

"(6) the anticipated demand for timber and non-timber resources in each state.

"(h) OTHER AUTHORITY.—In implementing this section, the Secretary may use the authorities provided in sections 1001, 1002, 1004, and 1008 of the Agricultural Act of 1970 (16 U.S.C. 1501, 1502, 1504 and 1508), as amended by the Agriculture and Consumer Protection Act of 1973.

"(i) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated $100,000,000 for each of the fiscal years 1991 through 1995, and such sums as may be necessary thereafter to carry out this section."; and

(2) in section 9(a), by striking "section 4" and inserting "section 4A".

(e) FEDERAL, STATE, AND LOCAL COORDINATION AND COOPERATION.—The Act (16 U.S.C. 2101 et seq.) is amended—

(1) in section 10 by striking subsection (c) and redesignating subsections (d) through (g) as subsections (c) through (f) respectively; and

(2) by inserting after section 10, the following new section:

"SEC. 10A. STATE AND PRIVATE FORESTRY COORDINATING COMMITTEE; STATE ADVISORY COMMITTEES.

"(a) STATE AND PRIVATE FORESTRY COORDINATING COMMITTEE.—(1) ESTABLISHMENT.—The Secretary shall establish an intra-departmental committee, to be known as the State and Private Forestry Coordinating Committee (hereafter referred to in this section as the 'Coordinating Committee') to coordinate forestry activities associated with the implementation of this Act.

"(2) COMPOSITION.—The Coordinating Committee shall be composed of representatives, appointed by the Secretary, from the Agricultural Research Service, Agricultural Stabilization and Conservation Service, Extension Service, Forest Service and Soil Conservation Service.

"(3) CHAIRPERSON.—The Secretary shall designate the Chief of the Forest Service as chairperson of the Coordinating Committee.

"(4) DUTIES.—The Coordinating Committee shall—

"(A) provide assistance in directing and coordinating actions of the Department of Agriculture that relate to the educational, technical, and financial assistance available to private land owners for the protection and management of forest lands;

"(B) clarify individual agency responsibilities concerning forest land, consistent with the legislative authorities of each agency represented on the Committee; and

"(C) advise the Secretary to mediate and facilitate intradepartmental differences regarding the implementation of this Act, and any other Act related to the authority of the Secretary concerning non-Federal forest lands.

"(b) STATE ADVISORY COMMITTEES.—(1) IN GENERAL.—The Secretary, in consultation with the State forester or equivalent State official, shall establish a Forest Re-

sources Stewardship Advisory Committee (hereafter in this section referred to as the 'Advisory Committee') for each such State.

"(2) COMPOSITION.—The Advisory Committee shall be chaired and administered by the State Forester, or equivalent State official, and shall be composed, to the extent practicable, of—

"(A) representatives from the Forest Service, Soil Conservation Service, Agricultural Stabilization and Conservation Service, and Extension Service;

"(B) representatives, to be appointed by the State Forester, of forestry interests including—

"(i) individuals that are representative of—

"(I) local government;

"(II) the forest products industry;

"(III) forest land owners;

"(IV) conservation organizations; and

"(V) the State fish and wildlife agency; and

"(ii) any other individuals determined appropriate by the Secretary.

"(3) TERMS.—The members of the Advisory Committee appointed under subparagraph (B)(i)(II) shall serve 3-year terms, with the initial members serving staggered terms as determined by the Secretary, and may be reappointed for consecutive terms.

"(4) EXISTING COMMITTEES.—Existing State forestry committees may be used to complement, formulate, or replace the Advisory Committees to avoid duplication of efforts if such existing committees are made up of membership that is similar to that described in subparagraph (B)(i)(II).

"(5) DUTIES.—The Advisory Committee shall—

"(A) consult with other Department of Agriculture and State committees that address State and private forestry issues;

"(B) make recommendations to the Secretary concerning the assignment of priorities and the coordination of responsibilities for the implementation of this Act by the various Federal and State forest management agencies that take into consideration the mandates of each such agency; and

"(C) make recommendations to the Secretary concerning the development of approved activities for cost-sharing pursuant to section 4A".

SEC. 1508. URBAN AND COMMUNITY FORESTRY.

(a) FINDINGS.—The Congress finds that—

(1) the health of forests in urban areas and communities, including cities, their suburbs, and towns, in the United States is on the decline;

(2) forest lands, shade trees, and open spaces in urban areas and communities improve the quality of life for residents;

(3) forest lands and associated natural resources enhance the economic value of residential and commercial property in urban and community settings;

(4) tree plantings and ground covers such as low growing dense perennial turfgrass sod in urban areas and communities can aid in reducing carbon dioxide emissions, mitigating the heat island effect, and reducing energy consumption, thus contributing to efforts to reduce global warming trends;

(5) efforts to encourage tree plantings and protect existing open spaces in urban areas and communities can contribute to the social well-being and promote a sense of community in these areas; and

(6) strengthened research, education, technical assistance, and public information and participation in tree planting and maintenance programs for trees and complementary ground covers for urban and community forests are needed to provide for the protection and expansion of tree cover and open space in urban areas and communities.

(b) PURPOSES.—The purposes of this section are to—

(1) improve understanding of the benefits of preserving existing tree cover in urban areas and communities;

(2) encourage owners of private residences and commercial properties to maintain trees and expand forest cover on their properties;

(3) provide education programs and technical assistance to State and local organizations (including community associations and schools) in maintaining forested lands and individual trees in urban and community settings and identifying appropriate tree species and sites for expanding forest cover;

(4) implement a tree planting program to complement urban and community tree maintenance and open space programs;

(5) promote the establishment of demonstration projects in selected urban and community settings to illustrate the benefits of maintaining and creating forest cover and trees;

(6) enhance the technical skills and understanding of sound tree maintenance and arboricultural practices including practices involving the cultivation of trees, shrubs and complementary ground covers, of individuals involved in the planning, development, and maintenance of urban and community forests and trees; and

(7) expand existing research and educational efforts intended to improve understanding of tree growth and maintenance, tree physiology and morphology, species adaptations, forest ecology, and the value of integrating trees and ground covers and the economic, environmental, social, and psychological benefits of trees and forest cover in urban and community environments.

(c) EDUCATION AND TECHNICAL ASSISTANCE.—EDUCATION, TECHNICAL ASSISTANCE, AND RESEARCH ACTIVITIES.—Section 6 of the Cooperative Forestry Assistance Act of 1978 (16 U.S.C. 2105) is amended by redesignating subsection (c) as subsection (h) and inserting the following new subsections:

"(c) The Secretary in cooperation with State foresters and State extension agents or equivalent State officials shall implement a program of education and technical assistance for urban and community forest resources. The program shall be designed to—

"(1) assist urban areas and communities in conducting inventories of their forest resources, including inventories of the species, number, location, and health of trees in urban areas and communities, and the status of related resources (including fish and wildlife habitat, water resources, and trails);

"(2) assist State and local organizations (including community associations and schools) in organizing and conducting urban and community forestry projects and programs;

"(3) improve education and technical support in—

"(A) selecting tree species appropriate for planting in urban and community environments;

"(B) providing for proper tree planting, maintenance, and protection in urban areas and communities;

"(C) protecting individual trees and preserving existing open spaces with or without tree cover; and

"(D) identifying opportunities for expanding tree cover in urban areas and communities;

"(4) assist in the development of State and local management plans for trees and associated resources in urban areas and communities; and

"(5) increase public understanding of the economic, social, environmental, and psychological values of trees and open space in urban and community environments and expand knowledge of the ecological relationships and benefits of trees and related resources in these environments.

"(d) PROCUREMENT OF PLANT MATERIALS.—The Secretary, in cooperation with State foresters or equivalent State officials, shall assist in identifying sources of plant materials and may procure or otherwise obtain such plant materials from public or private sources and may make such plant materials available to urban areas and communities for the purpose of reforesting open spaces, replacing dead and dying urban trees, and expanding tree cover in urban areas and communities.

"(e) CHALLENGE COST SHARE PROGRAM.—(1) IN GENERAL.—The Secretary shall establish an urban and community forestry challenge cost-share program. Funds or other support shall be provided under such program to eligible communities and organizations, on a competitive basis, for urban and community forestry projects. The Secretary shall annually make awards under the program in accordance with criteria developed in consultation with, and after consideration of recommendations received from, the National Urban and Community Forestry Advisory Council established under subsection (f). Such awards shall be consistent with the cost-share requirements of this section.

"(2) COST-SHARING.—The Federal share of support for a project provided under this subsection may not exceed 50 percent of the support for that project and shall be provided on a matching basis. The non-Federal share of such support may be in the form of cash, services, or in-kind contributions, fairly valued.

"(f) FORESTRY ADVISORY COUNCIL.—(1) ESTABLISHMENT AND PURPOSE.—The Secretary shall establish a National Urban and Community Forestry Advisory Council (hereafter in this section referred to as the 'Council') for the purpose of—

"(A) developing a national urban and community forestry action plan;

"(B) evaluating the implementation of that plan; and

"(C) developing criteria for, and submitting recommendations with respect to, the urban and community forestry challenge cost-share program under subsection (e).

"(2) COMPOSITION AND OPERATION.—(A) The Council shall be composed of 15 members appointed by the Secretary, as follows:

"(i) 2 members representing national nonprofit forestry and conservation citizen organizations,

"(ii) 3 members, 1 each representing State, county, and city and town governments,

"(iii) 1 member representing the forest products, nursery, or related industries,

"(iv) 1 member representing urban forestry, landscape, or design consultants,

"(v) 2 members representing academic institutions with an expertise in urban and community forestry activities,

"(vi) 1 member representing State forestry agencies or equivalent State agencies,

"(vii) 1 member representing a professional renewable natural resource or arboriculture society,

"(viii) 1 member from the Extension Service,

"(ix) 1 member from the Forest Service, and

"(x) 2 members who are not officers or employees of any governmental body, 1 of whom is a resident of a community with a population of less than 50,000 as of the most recent census and both of whom have expertise and have been active in urban and community forestry.

"(B) A vacancy in the Council shall be filled in the manner in which the original appointment was made.

"(C) The Secretary shall select 1 member, from members appointed to the Council, who is not an officer or employee of the United States nor any State, county, city, or town government, who shall serve as the chairperson of the Council.

"(D)(i) Except as provided in clauses (ii) and (iii) of this paragraph, members shall be appointed for terms of 3 years, and no member may serve more than two consecutive terms on the Council.

"(ii) Of the members first appointed—

"(I) 5, including the chairperson and 2 governmental employees, shall be appointed for a term of 3 years,

"(II) 5, including 2 governmental employees, shall be appointed for a term of 2 years, and

"(III) 5, including 2 governmental employees, shall be appointed for a term of 1 year, as designated by the Secretary at the time of appointment.

"(iii) Any member appointed to fill a vacancy occurring before the expiration of the term of the member's predecessor shall be appointed only for the remainder of such term. A member may serve after the expiration of the member's term until the member's successor has taken office.

"(E)(i) Except as provided in clause (ii) of this subparagraph, members of the Council shall serve without pay, but may be reimbursed for reasonable costs incurred while in the actual performance of duties vested in the Council.

"(ii) Members of the Council who are full-time officers or employees of the United States shall receive no additional pay, allowances, or benefits by reason of their service on the Council.

"(iii) The Secretary shall provide financial and administrative support for the Council.

"(3) URBAN AND COMMUNITY FORESTRY ACTION PLAN.—Within 1 year after the date of enactment of this subsection and every 10 years thereafter, the Council shall prepare a National Urban and Community Forestry Action Plan. The plan shall include (but not be limited to) the following:

"(A) An assessment of the current status of urban forest resources in the United States.

"(B) A review of urban and community forestry programs and activities in the United States, including education and technical assistance activities conducted by the Forest Service, Extension Service, and other Federal agencies, the State forestry organizations, private industry, private nonprofit organizations, community and civic organizations and interested others.

"(C) Recommendations for improving the status of the Nation's urban and community forest resources, including education and technical assistance and modifications required in existing programs and policies of relevant Federal agencies.

"(D) A review of urban and community forestry research, including—

"(i) a review of all ongoing research associated with urban and community forests, arboricultural practices, and the economic, social, and psychological benefits of trees and forest cover in urban and community environments being conducted by the Forest Service, other Federal agencies, and associated land grant colleges and universities;

"(ii) recommendations for new and expanded research efforts directed toward urban and community forestry concerns; and

"(iii) a summary of research priorities and an estimate of the funds needed to implement such research, on an annual basis, for the next 10 years.

"(E) Proposed criteria for evaluating proposed projects under the urban and community forestry challenge cost share program under subsection (e), with special emphasis given to projects that would demonstrate the benefits of improved forest management (including the maintenance and establishment of forest cover and trees) in urban areas and communities.

"(F) An estimate of the resources needed to implement the National Urban and Community Forestry Action Plan for the succeeding 10 fiscal years.

"(4) AMENDMENT OF THE PLAN.—The plan may be amended by a majority of the Council members. Such amendments shall be incorporated into the Council's annual review of the plan submitted to the Secretary pursuant to paragraph (5) of this subsection.

"(5) REVIEW OF THE PLAN.—The Council shall submit the plan to the Secretary and the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate upon its completion. Beginning no later than one year after the plan is submitted and annually thereafter, the Council shall submit a review of the plan to the Secretary no later than December 31. The review shall consist of—

"(A) the Council's assessment of prior year accomplishments in research, education, technical assistance, and related activities in urban and community forestry;

"(B) the Council's recommendations for research, education, technical assistance, and related activities in the succeeding year; and

"(C) the Council's recommendations for the urban and community forestry challenge cost share projects to be funded during the succeeding year.

The review submitted to the Secretary shall be incorporated into the annual report of the Forest Service to the Congress under Section 3(d) of the Forest and Rangeland Renewable Resources Planning Act of 1974 (16 U.S.C. 1601(d)).

"(6) DETAIL OF PERSONNEL.—Upon request of the Council, the Secretary is authorized to detail, on a reimbursable basis, any of the personnel of the Department of Agriculture to the Council to assist the Council in carrying out its duties under this Act.

"(7) INAPPLICABILITY OF THE FACA.—The Federal Advisory Committee Act (5 U.S.C. App.) shall not apply to the Council.

"(g) DEFINITIONS.—For the purposes of this section—

"(1) the term 'Council' means the National Urban and Community Forestry Advisory Council established under subsection (f);

"(2) the term 'plan' means the National Urban and Community Forestry Action Plan developed under subsection (f)(3); and

"(3) the term 'urban and community area' includes cities, their suburbs, and towns.

"(h) AUTHORIZATION OF APPROPRIATIONS.—There are hereby authorized to be appropriated $30,000,000 for each of the fiscal years 1991 through 1995 for the implementation of subsections (c) through (g).".

(d) AMENDMENT TO RENEWABLE RESOURCES EXTENSION ACT.—(1) PROMOTION OF PUBLIC UNDERSTANDING.—Section 3(a) of the Renewable Resources Extension Act of 1978 (16 U.S.C. 1672(a)) is amended—

(A) by striking "and" at the end of paragraph (7);

(B) by striking the period at the end of paragraph (8) and inserting "; and"; and

(C) by adding at the end the following new paragraph:

"(9) in cooperation with State foresters or equivalent State officials, promote public understanding of the economic, social, environmental, and psychological values of trees and open space in urban and community area environments and expand knowledge of the ecological relationships and benefits of trees and related resources in urban and community environments.".

(2) URBAN AND COMMUNITY FORESTRY.—Section 5(a) of the Renewable Resources Extension Act of 1978 (16 U.S.C. 1674(a)) is amended in the final sentence by strik-

ing "for planting and management of trees and forests in urban areas," and inserting "for urban and community forestry activities,".

SEC. 1509. AMERICA THE BEAUTIFUL FOUNDATION.

(a) PURPOSE.—The purpose of this section is to provide for a grant to the America the Beautiful Foundation established in subsection (b) to be used—

(1) to provide matching grants to qualifying nonprofit organizations for the implementation of programs to promote public awareness and a spirit of volunteerism in support of tree planting, maintenance, management, protection, and cultivation projects in rural areas, communities and urban areas throughout the United States;

(2) to solicit private sector contributions through the mobilization of individuals, businesses, governments, and community organizations with the goal of increasing the number of trees planted, maintained, managed and protected in rural areas, communities and urban environments;

(3) to accept and administer private gifts and make grants, including matching grants to encourage local participation, for the planting, maintenance, management, protection, and cultivation of trees; and

(4) to ensure that our descendants will be able to share their ancestors' pride when referring to their land as "America the Beautiful".

(b) ESTABLISHMENT.—There is hereby established the America the Beautiful Foundation (hereafter in this section referred to as the "Foundation"). The Foundation shall be a private and nonprofit organization and not an agency or establishment of the United States.

(c) IMPLEMENTATION.—The Foundation shall carry out this section in accordance with the purposes stated in subsection (a).

(d) OFFICERS OF THE FOUNDATION.—(1) INITIAL APPOINTMENT.—The Secretary of Agriculture (hereafter in this section referred to as the "Secretary") shall appoint the initial officers of the Foundation. The officers so appointed shall possess the experience and expertise necessary to direct the activities of the Foundation.

(2) CONSTRUCTION.—Nothing in this section shall be construed to make officers, employees, or members of the board of directors of the Foundation officers or employees of the United States.

(e) FUNDING.—For fiscal year 1991, the Secretary is authorized to make a grant of not to exceed $25,000,000 to the Foundation.

(f) USE OF FUNDS.—Funds made available pursuant to subsection (e) shall be granted to the Foundation by the Secretary—

(1) to enable the Foundation to carry out the purposes specified in subsection (a) of this section; and

(2) for the administrative expenses of the Foundation.

(g) INTEREST.—Notwithstanding any other provision of law, the Foundation may hold funds made available pursuant to subsection (f) in interest-bearing accounts, prior to the disbursement of the funds for purposes specified in subsection (a), and may retain to carry out such purposes any interest earned on the deposits.

(h) LIMITATIONS ON USE OF FUNDS.—(1) IN GENERAL.—The Foundation may use funds provided by this section only for making matching grants to qualified organizations for the implementation of programs and projects that are consistent with the purposes specified in subsection (a) of this section.

(2) QUALIFIED ORGANIZATIONS.—For the purposes of this section, qualified organizations shall consist of those organizations that meet the requirements of section 501(c)(3) of the Internal Revenue Code (26 U.S.C. 501(c)(3)) and have demonstrated a capability to provide at least one-half of the total cost of the project or program for which the Foundation funds will be used.

(i) COMPENSATION FROM OUTSIDE SOURCES.—An officer or employee of the Foundation may not receive any salary or other compensation for services rendered to the Foundation from any source other than the Foundation.

(j) STOCK AND DIVIDENDS.—The Foundation shall not issue any shares of stock or declare or pay any dividends.

(k) SALARY; TRAVEL AND EXPENSES; CONFLICTS OF INTEREST.—(1) PERSONAL BENEFIT FROM FUNDS.—No part of the funds of the Foundation shall inure to the benefit of any board member, officer, or employee of the Foundation, except as salary or reasonable compensation for services or expenses.

(2) TRAVEL AND EXPENSE REIMBURSEMENT.—Compensation for board members shall be limited to reimbursement for reasonable costs of travel and expenses.

(3) CONFLICTS OF INTEREST.—No director, officer, or employee of the Foundation shall participate, directly or indirectly, in the consideration or determination of any question before the Foundation affecting—

(A) the financial interests of the director, officer, or employee; or

(B) the interests of any corporation, partnership, entity, or organization in which such director, officer, or employee—

(i) is an officer, director, or trustee; or

(ii) has any direct or indirect financial interest.

(l) LOBBYING.—An officer or employee of the Foundation shall not engage in any activity for the purpose of influencing legislation.

(m) RECORDS; AUDITS.—The Foundation shall ensure that—

(1) each recipient of assistance provided through the Foundation under this section maintains, for at least 5 years after the receipt of the assistance, separate accounts with respect to the assistance and such records as may be reasonably necessary to disclose fully—

(A) the amount and the disposition by the recipient of the proceeds of the assistance;

(B) the total cost of the project or undertaking in connection with which the assistance is given or used;

(C) the amount and nature of that portion of the cost of the project or undertaking supplied by other sources; and

(D) such other records as will facilitate an effective audit; and

(2) the Foundation and any duly authorized representative of the Foundation shall have access, for the purpose of audit and examination, to any books, documents, papers, and records of the recipient that are pertinent to assistance provided through the Foundation under this section.

(n) AUDITS.—(1) INDEPENDENT AUDITS.—For the fiscal year in which the Foundation receives the grant awarded under subsection (e), and for the succeeding 5 fiscal years, the accounts of the Foundation shall be audited annually in accordance with generally accepted auditing standards by an independent certified public accountant or an independent licensed public accountant certified or licensed by a regulatory authority of a State or other political subdivision of the United States. The report of each such independent audit shall be included in the annual report required by subsection (o).

(2) AGENCY AUDITS.—For the fiscal year in which the Foundation receives the grant awarded under subsection (e), and for the succeeding 5 fiscal years, the financial transactions undertaken pursuant to this section by the Foundation may be audited by any agency designated by the President.

(o) ANNUAL REPORTS.—(1) IN GENERAL.—Not later than 3 months after the conclusion of each fiscal year, the Foundation shall publish an annual report that includes a comprehensive and detailed report of the operations, activities, financial condition, and accomplishments of the Foundation under this Act during the fiscal year.

(2) TERMINATION.—The obligation of the Foundation to publish annual reports pursuant to this subsection shall terminate after publication of the report incorporating the findings of the final audit required by subsection (n).

(p) PROHIBITION ON COMMERCIAL HARVEST.—Trees planted pursuant to a program receiving funds under this section may not be commercially harvested and sold for Christmas trees."

SEC. 1510. PRESIDENTIAL COMMISSION ON STATE AND PRIVATE FORESTS.

(a) ESTABLISHMENT.—The President shall establish a Commission on State and Private Forests (hereafter in this section referred to as the "Commission" which shall assess the status of the nation's state and private forest lands, the problems affecting these lands, and the potential contribution of these lands to the nation's renewable natural resource needs associated with their improved management and protection.

(b) COMPOSITION.—The Commission shall be composed of 25 members to be appointed by the President of the United States (hereafter in this section referred to as the "President") including Federal, State, and local officials, timber industry representatives, nonindustrial private forest landowners, conservationists, and community leaders. No more than five members shall be appointed from any one State. Not fewer than 20 members shall be appointed by the President from nominations submitted by the following Members of Congress (after consultation by such Members with other Members of Congress who sit on the specified Committee):

(1) The chairman of the Committee on Agriculture of the House of Representatives.

(2) The ranking minority member of the Committee on Agriculture of the House of Representatives.

(3) The chairman of the Committee on Agriculture, Nutrition, and Forestry of the Senate.

(4) The ranking minority member of the Committee on Agriculture, Nutrition, and Forestry of the Senate.

(c) VACANCY.—A vacancy on the Commission shall be filled by appointment by the President in the manner provided in subsection (b).

(d) CHAIRPERSON.—The Commission shall elect a chairperson from among the members of the Commission by a majority vote.

(e) MEETINGS.—The Commission shall meet at the call of the chairperson or a majority of the members of the Commission.

(f) DUTIES.—(1) STUDY.—The Commission shall conduct a study that shall include—

(A) an assessment of the current status of the nation's state and private forest lands, including—

(i) ownership status and past and future trends;

(ii) renewable natural resource inventories;

(iii) the production of timber and non-timber resources from such lands; and

(iv) landowner attitudes toward the protection and management of these lands;

(B) a review of the problems affecting the nation's state and private forest lands, including—

(i) resource losses to insects, disease, fire, and damaging weather;

(ii) inadequate reforestation;

(iii) fragmentation of the forest land base; and

(iv) constraints on management options; and

(C) recommendations for addressing the problems and capitalizing on the potential of these lands for contributing to the nation's renewable natural resource needs.

(2) FINDINGS AND RECOMMENDATIONS.—On the basis of its study, the Commission shall make findings and develop recommendations for consideration by the President with respect to the future demands placed on state and private forests in meeting both commodity and non-commodity needs of our nation in anticipation of impending changes in the management of the national forests, especially with regard to timber harvest. This assessment will place new focus on the role of state and private forest lands and will help to identify means of improving their contribution to meeting the timber and non-timber needs of the nation.

(3) REPORT.—The Commission shall submit to the President, not later than December 1, 1991, a report containing its findings and recommendations. The President shall forthwith submit the report to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition and Forestry of the Senate, and the report is authorized to be printed as a House Document.

(g) OPERATIONS IN GENERAL.—(1) AGENCY COOPERATION.—The heads of executive agencies, the General Accounting Office, the Office of Technology Assessment, and the Congressional Budget Office shall provide the Commission such information as may be required to carry out its duties and functions.

(2) COMPENSATION.—Members of the Commission shall serve without compensation for work on the Commission. While away from their homes or regular places of business in the performance of duties of the Commission, members of the Commission shall be allowed travel expenses, including per diem in lieu of subsistence, as authorized by law for persons serving intermittently in the Government service under section 5703 of title 5 of the United States Code.

(3) DIRECTOR.—To the extent there are sufficient funds available to the Commission and subject to such rules as may be adopted by the Commission, the Commission, without regard to the provisions of title 5 of the United States Code governing appointments in the competitive service and without regard to the provisions of chapter 51 and subchapter III of chapter 53 of such title relating to the classification and General Schedule pay rates, may—

(A) appoint and fix the compensation of a director; and

(B) appoint and fix the compensation of such additional personnel as the Commission determines necessary to assist it to carry out its duties and functions.

(4) STAFF AND SERVICES.—On the request of the Commission, the heads of executive agencies, the Comptroller General, and the Director of the Office Technology Assessment may furnish the Commission with such office, personnel or support services as the head of the agency, or office, and the chairperson of the Commission agree are necessary to assist the Commission to carry out its duties and functions. The Commission shall not be required to pay, or reimburse, any agency for office, personnel or support services provided by this subsection.

(5) EXEMPTIONS.—(A) The Commission shall be exempt from sections 7(d), 10(e), 10(f), and 14 of the Federal Advisory Committee Act (5 U.S.C. App. 2, 1 et seq.).

(B) The Commission shall be exempt from the requirements of sections 4301 through 4305 of title 5 of the United States Code.

(h) AUTHORIZATION OF APPROPRIATIONS AND SPENDING AUTHORITY.—(1) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated such sums as are necessary to implement this section.

(2) SPENDING AUTHORITY.—Any spending authority (as defined in section 401 of the Congressional Budget Act of 1974) provided in this title shall be effective for any fiscal year only to such extent or in such amounts as are provided in appropriation Acts.

(i) TERMINATION.—The Presidential Commission on State and Private Forests shall cease to exist 90 days following the submission of its report to the President.

SEC. 1511. BLUE MOUNTAIN NATURAL RESOURCE INSTITUTE.

(a) FINDINGS.—The Congress finds that—

(1) the forests and rangelands in the States of Washington and Oregon east of the Cascade Crest do not yield their productive capacity of multiple products, services and benefits, yet these forests and rangelands are expected to yield more;

(2) these forests are among the most insect and disease infected in North America due to early management practices, including the exclusion of fire and past management treatments, which have allowed these forests to become overstocked or to succeed to pest-susceptible forest types;

(3) forage productivity of these forests and rangelands is reduced due to the spread of nonactive grasses, juniper, and noxious weeds;

(4) the unprecedented build-up of fuel loads in these forests places them under continual threat of catastrophic fire;

(5) losses due to insects, disease, and fire and reduced productivity of these forests and rangelands have far-reaching environmental and economic consequences to local communities and a region entirely dependent on land-based resources; and

(6) concerns over global climate change, water quality and quantity, air quality, fish and wildlife habitat, biodiversity, long-term forest and rangeland health and productivity, welfare of resource-dependent communities and regional economies, catastrophic fire, and scenic quality of landscapes set the dimensions of multi-faceted resources issued which are straining the effectiveness of policy makers and land managers.

(b) ESTABLISHMENT OF RESEARCH AND DEMONSTRATION PROGRAM.—The Secretary of Agriculture shall establish a research, development, and application program for the forests and rangelands of the States of Oregon and Washington located east of the Cascade Crest. The Blue Mountain Natural Resource Institute, headquartered in La Grande, Oregon, shall address research, development, and application needs of the Blue Mountain area in Washington and Oregon and shall plan and initiate the larger program. The program, through research, technology development and application, and public involvement, shall—

(1) compile and develop basic biological and ecological information to improve forest and rangeland health and vigor;

(2) focus research on joint management and production of timber, wildlife, grazing, fish, water quality, and recreation;

(3) stimulate cooperative research between universities and other Federal and State agencies;

(4) identify and evaluate opportunities to enhance the long-term economic and social benefits derived from the region's forest and rangeland resources in concert with county and regional economic strategies;

(5) convert results of research into technology development products and apply new information in a timely manner;

(6) develop technology to guide intensive multi-resource management and policy decisions for sustaining long-term productivity and ecological values into the early decades of the 21st century;

(7) develop new technologies that will enable forest and range managers to maximize multi-resource benefits and minimize the hazards of fire, insect, and disease outbreaks;

(8) develop forest management practices for use by land managers and landowners that are appropriate at the wildland-urban interface and in concert with public values for these areas;

(9) demonstrate the application of technology and resource knowledge on specific management areas; and

(10) establish mutually beneficial relations with the public to inform them regarding research and technology development and new management directions and to obtain feedback.

(c) PARTNERSHIP.—The Secretary shall establish and carry out the program under subsection (b) in consultation and cooperation with Federal, State, and local agencies, universities, and the private sector. In addition, the Secretary shall establish an advisory committee representing broad interests and perspectives to assist in the formulation of plans for implementing the program.

SEC. 1512. INTERNATIONAL FOREST RESOURCES INSTITUTE.

(a) The Secretary shall establish an International Forest Resources Institute (hereafter referred to as the "Institute"), to be operated by the State University of New York College of Environmental Science and Forestry.

(b) The mission of the Institute will be to increase the competitive position of the forest industries of the northeastern United States as major producers of international forest products in order to increase domestic employment, stimulate rural development, and to provide a knowledgeable, objective analysis of global forest resource problems.

(c) The Institute will be comprised of the State University of New York College of Environmental Science and Forestry.

(d) The Institute shall—

(1) emphasize application of existing knowledge to the manufacturing and international marketing of forest products as well as conduct new research related to the competitiveness of the northeastern forest products industry;

(2) study and evaluate domestic and international forest, forest sector, agroforestry, development, economic, and trade policies;

(3) design, analyze and test technologically appropriate manufacturing, processing and marketing systems which are supportive of and consistent with forest policy and management strategies formulated by the Institute and which enhance opportunities for markets in forest products;

(4) formulate and test management strategies for United States forests and for manufacturing facilities that promote rational use, and long term maintenance, of globally important forests; and

(5) design and analyze specific policies for critically important forests in the world with respect to forest sector, agricultural, developmental, and economic policies (giving particular attention to mechanisms to coordinate policy development between countries with significant forest resources).

(e) There are authorized to be appropriated such sums as may be necessary to carry out the purposes of this section.

SEC. 1513. SEMIARID AGROFORESTRY RESEARCH CENTER.

(a) SEMIARID AGROFORESTRY RESEARCH, DEVELOPMENT, AND DEMONSTRATION CENTER.—The Secretary of Agriculture shall establish at the Forestry Sciences Laboratory of the United States Forest Service, in Lincoln, Nebraska, a Semiarid Agroforestry Research, Development, and Demonstration Center (hereafter referred to in this subsection as the "Center") and appoint a Director to manage and coordinate the program established at the Center under subsection (b).

(b) PROGRAM.—The Secretary shall establish a program at the Center and seek the participation of Federal or State governmental entities, land-grant colleges or universities, State agricultural experiment stations, State and private foresters, National Arbor Day Foundation, and other nonprofit foundations in such program to conduct or assist research, investigations, studies, and surveys to—

(1) develop sustainable agroforestry systems on semiarid lands that minimize topsoil loss and water contamination, and stabilize or enhance crop productivity;

(2) adapt, demonstrate, document, and model the effectiveness of agroforestry systems under different farming systems and soil or climate conditions;

(3) develop dual use agroforestry systems compatible with paragraphs (1) and (2) which would provide high-value forestry products for commercial sale from semiarid land;

(4) develop and improve the drought and pest resistance characteristics of trees for conservation forestry and agroforestry applications in semiarid regions, including the introduction and breeding of trees suited for the Great Plains region of the United States;

(5) develop technology transfer programs that increase farmer and public acceptance of sustainable agroforestry systems; and

(6) develop improved windbreak and shelterbelt technologies for drought preparedness, soil and water conservation, environmental quality, and biological diversity on semiarid lands.

(c) INFORMATION COLLECTION AND DISSEMINATION.—The Secretary shall establish at the Center a program, to be known as the National Clearinghouse on Agroforestry Conservation and Promotion to—

(1) collect, analyze, and disseminate information on agroforestry conservation technologies and practices; and

(2) promote the use of such information by landowners and those organizations associated with forestry and tree promotions.

(d) AUTHORIZATION FOR APPROPRIATION.—There are authorized to be appropriated such sums as are necessary to carry out this section.

TITLE XVI—CONSERVATION

SEC. 1601. MODIFICATION OF HIGHLY ERODIBLE LAND PROGRAM.

(a) PROGRAM INELIGIBILITY.—Section 1211 of the Food Security Act of 1985 (16 U.S.C. 3811) is amended—

(1) in the first sentence by inserting after "is predominate" the following: ", or designates land on which highly erodible land is predominate to be set aside, diverted, devoted to conservation uses, or otherwise not cultivated under a program administered by the Secretary to reduce production of an agricultural commodity, as determined by the Secretary";

(2) in paragraph (1)(D) by inserting before the semicolon ", under section 132 of the Disaster Assistance Act of 1989 (16 U.S.C. 1421 note), or under any similar provision enacted subsequent to August 14, 1989";

(3) in paragraph (1)(E) by striking the final "or";

(4) in paragraph (2) by striking the period at the end and inserting "; or"; and

(5) by adding at the end the following:

"(3) during such crop year—

"(A) a payment made under section 8, section 12 or section 16(b) of the Soil Conservation and Domestic Allotment Act (16 U.S.C. 590h, 590l or 590p(b));

"(B) a payment made under section 401 or section 402 of the Agricultural Credit Act of 1978 (16 U.S.C. 2201 or 2202);

"(C) a payment under any contract entered into pursuant to section 1231;

"(D) a payment under section 1281;

"(E) a loan under section 1256; or

"(F) a payment, loan or other assistance under section 3 or section 8 of the Watershed Protection and Flood Prevention Act (16 U.S.C. 1003 or 1006a)."

(b) EXEMPTIONS.—Section 1212(a) of the Food Security Act of 1985 (16 U.S.C. 3812(a)) is amended—

(1) in paragraph (1) by inserting after "commodity is produced" the phrase "or that is designated to be set aside, diverted, devoted to conservation uses, or otherwise not cultivated under a program administered by the Secretary to reduce production of an agricultural commodity, as determined by the Secretary"; and

(2) in paragraph (2) by inserting after the first sentence the following new sentence: "The Secretary shall not approve any conservation plan or any revision to any conservation plan subsequent to the date of enactment of the Food and Agricultural Resources Act of 1990 unless, in addition to the requirements of the preceding sentence, the Secretary determines such plan or revision will reduce erosion by at least 50 percent from the level that would occur if conservation measures were not applied, unless the Secretary determines such level of reduction is not feasible.".

(c) INADVERTENT ACTIONS; REDUCTION IN CERTAIN PAYMENTS, LOANS, AND ASSISTANCE.—Section 1212 of the Food Security Act of 1985 (16 U.S.C. 3812(b)) is amended—

(1) in subsection (b)(1) by inserting "or" after the semicolon;

(2) in subsection (b)(2) by striking the semicolon and inserting a period;

(3) by redesignating subsection (c) as subsection (d);

(4) by redesignating the remainder of subsection (b) as subsection (c) and inserting after paragraph (2) the following new subsection:

"(c) No person shall become ineligible under section 1211 for program loans, payments, and benefits as the result of the production of a crop of an agricultural com-

modity or the designation of land to be set aside, diverted, devoted to conservation uses, or otherwise not cultivated under a program administered by the Secretary to reduce production of an agricultural commodity (hereafter "set aside")—"; and

(5) in the new subsection (c)—

(A) by redesignating paragraph (3) through paragraph (5) as paragraph (1) through paragraph (3) respectively;

(B) in the new paragraph (2)—

(i) by inserting after "that is planted" the words "or set aside";

(ii) by inserting after "that was planted" the words "or set aside"; and

(iii) by striking "or" at the end;

(C) in the new paragraph (3) by striking the period at the end and inserting "; or"; and

(D) by adding after the new paragraph (3) the following new paragraph:

"(4) for any action or inaction associated with applying a conservation plan if such action or inaction is minor or inadvertent and if such person has made a good faith effort to comply with this section, as determined by the Secretary. However, the Secretary shall reduce any payment, loan, or assistance specified under section 1211 for such person by such amounts as the Secretary determines to be equitable in light of the degree of non-compliance of such action and shall require the person to come into compliance as soon as practicable."

(d) TENANTS.—Section 1212 of the Food Security Act of 1985 (16 U.S.C. 3812) is amended by adding at the end the following new subsection:

"(e) If a tenant is determined to be ineligible for payments and other benefits under section 1211, the Secretary may limit such ineligibility only to the farm which is the basis for such ineligibility determination if—

"(1) the tenant has established to the satisfaction of the Secretary that—

"(A) the tenant has made a good faith effort to meet the requirements of this section, including enlisting the assistance of the Secretary to create a conservation plan for such farm; and

"(B) the landlord or another tenant on the farm refuses to comply with such plan on such farm; and

"(2) the Secretary determines that such lack of compliance is not a part of a scheme or device to avoid such compliance.

The Secretary shall provide an annual report to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate concerning the ineligibility determinations limited during the previous 12-month period under this subsection."

SEC. 1602. MODIFICATION OF WETLAND PROGRAM.

(a) DEFINITION.—Section 1201(a)(16) is amended by amending the first sentence to read as follows:

"(16) The term 'wetland', except when such term is part of the term 'converted wetland', means land that—

"(A) has a predominance of hydric soils;

"(B) is inundated or saturated by surface or groundwater at a frequency and duration sufficient to support a prevalence of hydrophytic vegetation typically adapted for life in saturated soil conditions; and

"(C) under normal circumstances does support a prevalence of such vegetation.".

(b) WETLAND.—Section 1221 of the Food Security Act of 1985 (16 U.S.C. 3821) is amended—

(1) by striking "the date of" and all that follows through "for—" and inserting the following: "December 23, 1985, any person who in any crop year produces an agricultural commodity on converted wetland or who in any crop year subsequent to the date of enactment of the Food and Agricultural Resources Act of 1990 converts a wetland for the purpose or to have the effect of making the production of an agricultural commodity possible on such converted wetland by draining, dredging, filling, leveling, or any other means shall be ineligible for—";

(2) in paragraph (1)(D) by inserting before the semicolon ", under section 132 of the Disaster Assistance Act of 1989 (16 U.S.C. 1421 note), or under any similar provision enacted subsequent to August 14, 1989";

(3) in paragraph (1)(E) by striking the final "or";

(4) in paragraph (2) by striking the period at the end and inserting a "; or"; and

(5) by adding at the end the following:

"(3) a payment made under section 8, section 12 or section 16(b) of the Soil Conservation and Domestic Allotment Act (16 U.S.C. 590h, 590l or 590p(b));

"(4) a payment made under section 401 or section 402 of the Agricultural Credit Act of 1978 (16 U.S.C. 2201 or 2202);

"(5) a payment under any contract entered into pursuant to section 1231;

"(6) a payment under section 1281;

"(7) a loan under section 1256; or

"(8) a payment, loan or other assistance under section 3 or section 8 of the Watershed Protection and Flood Prevention Act (16 U.S.C. 1003 or 1006a).".

(c) DELINEATION OF WETLAND; EXEMPTIONS.—Section 1222 of the Food Security Act of 1985 (16 U.S.C. 3822) is amended to read as follows:

"DELINEATION OF WETLANDS; EXEMPTIONS

"SEC. 1222. (a) DELINEATION OF WETLANDS.—(1) MAP.—The Secretary shall delineate wetlands on a map. The Secretary shall make a reasonable effort to make an on-site wetland determination whenever requested by an owner or operator.

"(2) CERTIFICATION.—After providing notice to affected owners or operators, the Secretary shall certify each such map as sufficient for the purpose of making determinations of ineligibility for program benefits under section 1221 and shall, in accordance with section 1243, provide an opportunity to appeal such delineations to the Secretary prior to making such certification. Prior to rendering a decision on any such appeal, the Secretary shall conduct an on-site inspection of the subject land.

"(3) PUBLIC LIST.—The Secretary shall maintain a public listing of all such certifications that have been completed.

"(4) REVIEW OF PRIOR DETERMINATIONS.—The Secretary shall review and certify the accuracy of the mapping of all lands mapped prior to the date of enactment of the Food and Agricultural Resources Act of 1990 for the purpose of wetland delineations to ensure that wetland on such lands has been accurately delineated.

"(5) PERIODIC REVIEW AND UPDATE.—The Secretary shall provide by regulation a process for the periodic review and update of such wetland delineations as the Secretary deems appropriate. No person shall be adversely affected because of having taken an action based on a previous determination by the Secretary.

"(b) EXEMPTIONS.—No person shall become ineligible under section 1221 for program loans, payments, and benefits—

"(1) as the result of the production of an agricultural commodity on—

"(A) converted wetland if the conversion of such wetland was commenced before December 23, 1985;

"(B) an artificial lake, pond, or wetland created by excavating or diking non-wetland to collect and retain water for livestock, fish production, irrigation (including subsurface irrigation), a settling basin, cooling, rice production, or flood control;

"(C) a wet area created by a water delivery system, irrigation, irrigation system, or application of water for irrigation; or

"(D) wetland on which the owner or operator of a farm or ranch uses normal cropping or ranching practices to produce agricultural commodities in a manner that is consistent for the area as a result of natural conditions without action by the producer that destroys a natural wetland characteristic; or

"(2) for the conversion of—

"(A) an artificial lake, pond, or wetland created by excavating or diking non-wetland to collect and retain water for livestock, fish production, irrigation (including subsurface irrigation), a settling basin, cooling, rice production, or flood control; or

"(B) a wet area created by a water delivery system, irrigation, an irrigation system, or the application of water for irrigation.

"(c) ON-SITE INSPECTION REQUIREMENT.—No program loans, payments, or benefits shall be withheld from a person under this subtitle unless the Secretary has conducted an on-site visit of the subject land.

"(d) PRIOR LOANS.—Section 1221 shall not apply to a loan described in section 1221 made before December 23, 1985.

"(e) NON-WETLANDS.—The Secretary shall exempt from the ineligibility provisions of section 1221 any action by a person upon lands in any case in which the Secretary determines that any one of the following does not apply with respect to such lands:

"(1) Such lands have a predominance of hydric soils.

"(2) Such lands are inundated or saturated by surface or groundwater at a frequency and duration sufficient to support a prevalence of hydrophytic vegetation typically adapted for life in saturated soil conditions.

"(3) Such lands, under normal circumstances, support a prevalence of such vegetation.

"(f) MINIMAL EFFECT; MITIGATION.—The Secretary shall exempt a person from the ineligibility provisions of section 1221 for any action associated with the production of an agricultural commodity on a converted wetland, or the conversion of a wetland, if, as determined by the Secretary—

"(1) such action, individually and in connection with all other similar actions authorized by the Secretary in the area, will have a minimal effect on the functional hydrological and biological value of the wetland, including the value to waterfowl and wildlife; or

"(2) such wetland has been frequently cropped prior to the date of such action and the wetland values, acreage, and functions are mitigated by the producer through the restoration of a converted wetland, the conversion of which occurred prior to December 23, 1985, where such restoration is—

"(A) in accordance with a restoration plan;

"(B) in advance of, or concurrent with, such action;

"(C) not at the expense of the Federal Government;

"(D) on not greater than a one for one acreage basis unless more acreage is needed to provide equivalent functions and values that will be lost as a result of such wetland conversion or production;

"(E) on lands in the same general area of the local watershed as the converted wetland; and

"(F) on lands that the owner has agreed to subject to a perpetual unpaid easement (or an easement for the maximum term allowed by applicable State law) subject to the provisions of section 1282(a).

"(g) MITIGATION APPEALS.—A producer shall be afforded the right to appeal, under section 1243, the provisions of any mitigation agreement requiring greater than one to one mitigation to which the producer is subject.

"(h) GOOD FAITH EXEMPTION; GRADUATED PENALTIES.—(1) GOOD FAITH EXEMPTION.—Except to the extent provided in paragraph (2), no person shall become ineligible under section 1221 for program loans, payments, and benefits as the result of the conversion of a wetland, or the production of an agricultural commodity on a converted wetland, subsequent to the date of enactment of this subsection, if—

"(A) such person, under an agreement entered into with the Secretary, agrees to fully restore the characteristics of the converted wetland to its prior wetland state; and

"(B) the Secretary determines that—

"(i) the person has not otherwise violated the provisions of section 1221 in any 10-year period on a farm; and

"(ii) such person converted a wetland, or produced an agricultural commodity on a converted wetland, in good faith and without the intent to violate the provisions of section 1221.

"(2) GRADUATED PENALTIES.—If the Secretary determines that a person who has violated the provisions of section 1221 meets the requirements of paragraph (1), the Secretary shall, in lieu of applying the ineligibility provisions in section 1221, reduce by not less than $750 nor more than $10,000, (depending on the seriousness of the violation) program benefits described in section 1221 that such producer would otherwise be eligible to receive in a crop year.

"(i) RESTORATION.—Any person who is determined to be ineligible for program benefits under section 1221 for any crop year shall not be ineligible for such program benefits under such section for any subsequent crop year if, prior to the beginning of such subsequent crop year, the person has fully restored the characteristics of the converted wetland to its prior wetland state.

"(j) DETERMINATIONS; RESTORATION AND MITIGATION PLANS; REPORTING; MONITORING ACTIVITIES.—(1) DETERMINATIONS; PLANS.—Determinations and the development of restoration and mitigation plans under this section shall be made through the agreement of the local representative of the Soil Conservation Service and a representative of the Fish and Wildlife Service. If agreement cannot be reached at the local level under the preceding sentence, such determinations shall be referred to the State Conservationist, who in making a determination under this paragraph, shall consult with the Fish and Wildlife Service.

"(2) REPORT OF DETERMINATIONS.—The State Conservationist and the representative of the Fish and Wildlife Service referred to in paragraph (1) shall report to their respective national offices concerning all determinations made under para-

graph (1) at the State level as a result of an agreement not being reached at the local level.

"(3) MONITORING ACTIVITIES.—The Secretary shall conduct such monitoring activities as are necessary to ensure the success and effectiveness of the wetland restoration efforts under this section.

(d) CONSULTATION.—Section 1223 of the Food Security Act of 1985 (16 U.S.C. 3823) is amended—

(1) in paragraph (2) by striking "and";

(2) in paragraph (3) by striking the period and inserting "; and"; and

(3) by adding at the end the following:

"(4) mitigation; and

"(5) the restoration of wetland values and functions on converted wetland as required under this subtitle.".

(e) FAIRNESS OF COMPLIANCE.—Subtitle C of title XVI of the Food Security Act of 1985 (16 U.S.C. 3821 et seq.) is amended by adding at the end the following new section:

"SEC. 1224. FAIRNESS OF COMPLIANCE.

"If the actions of an unrelated person or public entity, outside the control of and without the prior approval of the landowner or tenant result in a change in the characteristics of cropland that would cause the land to be determined to be as wetland, the affected land shall not be considered to be wetland and program benefits may not be denied under this Act for the conversion of such lands.".

(f) PRIOR DETERMINATIONS.—The amendments made by this section shall not be construed to alter or affect any determination by or for the Secretary that found a person exempt from program ineligibility prior to the enactment of the Food and Agricultural Resources Act of 1990 under section 1222 of the Food Security Act of 1985.

SEC. 1603. CONSERVATION RESERVE PROGRAM.

(a) EXTENSION OF PROGRAM.—Title XVI of the Food Security Act of 1985 (hereafter in this section referred to as "the Act") is amended by amending section 1231 (7 U.S.C. 3831) to read as follows:

"SEC. 1231. CONSERVATION RESERVE.

"(a) IN GENERAL.—(1) PROGRAM.—During the 1986 through 1995 crop years, the Secretary shall formulate and carry out a conservation reserve program through the use of contracts to assist owners and operators of lands specified in subsection (b) to conserve and improve the soil and water resources of such lands.

"(2) CROP YEAR.—For purposes of this subsection, the term 'crop year' means the calendar year in which the crop is normally harvested.

"(b) ELIGIBLE LANDS.—The Secretary may include in the program established under this subtitle—

"(1) highly erodible croplands that—

"(A) if permitted to remain untreated could substantially reduce the production capability for future generations; or

"(B) can not be farmed in accordance with a plan under section 1212 or 1274;

"(2) marginal pasture lands converted to wetland, or established as wildlife habitat;

"(3) marginal pasture lands established to trees in or near riparian areas, not to exceed 10% of the number of acres of land that is placed in the conservation reserve under this subtitle in each of the 1991 through 1995 crop years;

"(4) croplands that are otherwise not eligible—

"(A) if the Secretary determines such lands contribute to the degradation of water quality or would pose an on-site or off-site environmental threat to water quality if permitted to remain in agricultural production;

"(B) if such croplands are newly-created, permanent grass sod waterways, or are contour grass sod strips established and maintained as part of an approved conservation plan;

"(C) that are planted to trees, or are living snow fences, permanent wildlife habitat, windbreaks, shelterbelts, or filterstrips;

"(D) that are farmed wetland if wildlife values and functions are restored by conversion to a less intensive use; or

"(E) if the Secretary determines that such lands pose an off-farm environmental threat or pose a threat of continued degradation of productivity due to soil salinity if permitted to remain in production; and

"(5) croplands on which the Secretary has prevented the production of agricultural commodities.

"(c) ENROLLMENT.—(1) IN GENERAL.—The Secretary shall provide opportunities and give public notice thereof for owners and operators of farms and ranches to enroll eligible lands in the conservation reserve.

"(2) MAXIMUM ENROLLMENT.—The Secretary may enter into contracts under this section to place in the conservation reserve up to 45 million acres.

"(3) COUNTY LIMIT.—Under the programs established under this subtitle, the Secretary shall not place under contract more than 25 percent of the cropland in any one county any land on which easements are acquired pursuant to subtitle I, except that the Secretary may exceed the limitation established by this paragraph in a county to the extent that the Secretary determines that such action would not adversely affect the local economy of such county and producers in such county are having difficulties complying with conservation plans.

"(d) CONTRACT PERIOD.—For the purpose of carrying out this subtitle, the Secretary shall enter into contracts of 10 years. With respect to any new or existing contract on land to be devoted to hardwood trees, the owner or operator may extend such contract to a term not to exceed 15 years.".

(b) DUTIES OF OWNERS AND OPERATORS.—Section 1232 of the Act is amended—

(1) in subsection (a)—

(A) by inserting after "(a)" the heading "PLAN.—";

(B) in paragraph (1) by striking "highly erodible cropland" and inserting "eligible lands";

(C) in paragraph (4) by striking "cover" and inserting "or water cover for the enhancement of wildlife";

(D) in paragraph (5) by inserting before "on the violation" the phrase "in addition to the remedies provided under section 1236(d),"; and

(E) in paragraph (7) by inserting after "emergency" the words "and the Secretary may permit limited fall and winter grazing on such land that is incidental to the gleaning of crop residues on the fields in which such land is located for an applicable reduction in rental payment";

(2) in subsection (b) by inserting after "(b)" the heading "REQUIRED PROVISIONS.—";

(3) by striking subsection (c) and adding the following new subsections:

"(c) AGROFORESTRY.—(1) IN GENERAL.—The Secretary may permit agricultural commodities to be produced on land that is subject to contracts entered into under this chapter, if—

"(A) such land is planted to hardwood trees;

"(B) such agricultural commodities will be produced in conjunction with, and in proximity to, such hardwood trees; and

"(C) the owner or operator of such land agrees to implement appropriate conservation practices concerning such land, including agroforestry alley cropping.

"(2) DEFINITION.—For the purposes of this subsection, the term 'agroforestry alley cropping' shall mean the practice of planting rows of trees bordered on each side by a narrow strip of groundcover, alternated with wider strips of row crops or grain.

"(3) BID SYSTEM.—The Secretary shall develop a bid system by which owners and operators may offer to reduce their annual rental payments in exchange for permission to produce agricultural commodities on such land. The Secretary shall not accept offers under this paragraph that provide for less than a 50 percent reduction in such annual payments.

"(4) EXTENSION OF CONTRACTS.—(A) The Secretary may extend any contract entered into under this subtitle for not more than 5 years for owners or operators who plant trees in accordance with this subsection.

"(B) Notwithstanding subparagraph (A), the Secretary shall ensure that the total annual rental payments over the term of any contract modified under this subsection are not in excess of that specified in the original contract.

"(d) ENVIRONMENTAL USE.—To the extent practicable, not less than one-eighth of land that is placed in the conservation reserve under this subtitle during the 1991 through 1995 crop years shall be devoted to trees, shrubs, hydrophytic vegetation, critical area seedings, or other non-crop vegetation or water that provides a permanent habitat for wildlife including migratory waterfowl.

"(e) EXPIRATION OF CONTRACT.—Upon the expiration of the contract, highly erodible land that was the subject of such contract shall be subject to the provisions of subtitle B. The conservation plan referred to in section 1212(a)(2) shall be fully implemented with respect to such lands by the owner or operator not later than 2 years after the date on which the contract expires or such longer period of time as

determined appropriate by the Secretary if such plan requires structures to be constructed.".

(c) DUTIES OF THE SECRETARY.—Section 1233 of the Act is amended—

(1) in paragraph (1) by inserting after "carrying out the" the words "water quality and"; and

(2) by amending paragraph (2) to read as follows:

"(2) for a period of years not in excess of the term of the contract, pay an annual rental payment in accordance with section 1234; and".

(d) PAYMENTS.—Section 1234 of the Act is amended—

(1) in subsection (a) by inserting after "(a)" the heading "TIME OF PAYMENT.—";

(2) in subsection (b)—

(A) by inserting after "(b)" the heading "COST SHARING.—(1) IN GENERAL.—";

(B) by inserting after "establishing" the words "water quality and"; and

(C) by adding the following new paragraph:

"(2) MAXIMUM.—The Secretary shall not make any payment under this subtitle to the extent that the total amount of cost sharing payments provided to such owners and operators from all sources would exceed 100 percent of such costs.";

(3) by amending subsection (c) to read as follows:

"(c) ANNUAL PAYMENTS.—(1) IN GENERAL.—The annual rental payments for eligible lands enrolled in the conservation reserve under this subtitle shall be based on comparable local rental rates.

"(2) ACCEPTABILITY OF OFFERS.—In determining the acceptability of contract offers, the Secretary may—

"(A) take into consideration the extent to which enrollment of the land that is the subject of the contract offer would improve soil resources, water quality, or provide other environmental benefits;

"(B) where appropriate, accept contract offers that provide for the establishment of—

"(i) shelterbelts, windbreaks, or living snow fences; or

"(ii) permanently vegetated stream borders, filter strips of permanent grass, forbs, shrubs, and trees that will substantially enhance water quality; and

"(C) establish different criteria in various States and regions of the United States to determine the extent to which water quality may be improved or erosion may be abated.".

(4) in subsection (d)—

(A) by striking "(1)" and inserting the heading "FORM OF PAYMENT.—(1) IN GENERAL.—";

(B) in paragraph (1)(A) by striking the final "and";

(C) in paragraph (1)(B) by striking the semicolon and inserting "; and";

(D) in paragraph (1) by adding the following new subparagraph:

"(C) shall not exceed the prevailing local rental rate for comparable land.";

(E) in paragraph (2)—

(i) by inserting after "(2)" the heading "IN-KIND COMMODITIES.—";

(ii) in subparagraph (B) by striking the final "or";

(iii) in subparagraph (A) by striking the semicolon and inserting "; or"; and

(iv) by striking subparagraph (C); and

(F) in paragraph (3) by inserting after "(3)" the heading "SUBSTITUTION OF CASH PAYMENT.—";

(G) by adding the following new paragraph:

"(4) STATE PAYMENTS.—Payments to a producer under a special conservation reserve enhancement program described in subsection (f)(4) shall be in the form of cash only.";

(5) in subsection (e) by inserting after "(e)" the heading "PAYMENT TO PERSON OTHER THAN OWNER.—";

(6) in subsection (f)—

(A) by striking "(1)" and inserting the heading "PAYMENT LIMITATION.—(1) LIMITATION.—";

(B) in paragraph (2) by inserting after "(2)" the heading "REGULATIONS.—";

(C) in paragraph (3)—

(i) by inserting after "(3)" the heading "OTHER PAYMENTS.—"; and

(ii) by inserting after "this Act" the words ", the Food and Agricultural Resources Act of 1990,"; and

(D) in paragraph (4) by inserting after "(4)" the heading "SPECIAL CONSERVATION RESERVE ENHANCEMENT PROGRAM.—";

(7) by adding at the end the following new subsections:

"(g) EXEMPTION FROM SEQUESTRATION.—Notwithstanding any other provision of law, no order issued for any fiscal year under section 252 of the Balanced Budget and Emergency Deficit Control Act of 1985 (2 U.S.C. 902), shall affect any contract entered into under this subtitle.

"(h) OTHER STATE PAYMENTS.—In addition to any payment under this subtitle, an owner or operator may receive cost share assistance, rental payments, or tax benefits from a State or subdivision thereof for enrolling lands in the conservation reserve program.".

(e) CONTRACTS.—Section 1235 of the Act is amended—

(1) in subsection (a)(1)—

(A) by striking "(1)" and inserting "PERIOD OF OWNERSHIP REQUIREMENT.—(1) IN GENERAL.—"; and

(B) by striking subparagraph (B) and redesignating subparagraphs (C) and (D) as subparagraphs (B) and (C) respectively;

(2) in subsection (a)(2)—

(A) by inserting after "(2)" the heading "EXCEPTIONS.—";

(B) in subparagraph (A) by inserting after "subtitle" the phrase "unless the original owner retains a contingent interest in the land as determined by the Secretary"; and

(C) in subparagraph (B)(i) by striking "or since January 1, 1985, whichever is later";

(3) in subsection (b)—

(A) by inserting after "(b)" the heading "TRANSFER OF LAND.—"; and

(B) by striking paragraph (1) and redesignating paragraphs (2) and (3) as paragraphs (1) and (2) respectively;

(4) in subsection (c)—

(A) by inserting after "(c)" the heading "MODIFICATION.—(1) IN GENERAL.—"; and

(B) in paragraph (2) by inserting after "(2)" the heading "PRODUCTION OF COMMODITIES.—"; and

(5) in subsection (d) by striking "(1)" and inserting the heading "TERMINATION.—(1) IN GENERAL.—".

(f) BASE HISTORY.—Section 1236 of the Act is amended—

(1) in subsection (a) by inserting after "(a)" the heading "REDUCTION WITH RESPECT TO ANNUAL PRODUCTION ADJUSTMENT PROGRAM.—";

(2) in subsection (b) by inserting after "(b)" the heading "PRESERVATION OF BASE.—"; and

(3) by adding the following new subsections:

"(c) EXTENDED BASE PROTECTION.—The Secretary shall offer the owner or operator of a farm or ranch an opportunity to extend the preservation of cropland base and allotment history pursuant to subsection (b) for up to 10 years after the expiration date of a contract under this subtitle at the request of such owner or operator. In return for such extension, the owner or operator shall agree to continue to abide by the terms and conditions of the original contract, except that—

"(1) such owner or operator shall receive no cost share, annual rental or bonus payment; and

"(2) the Secretary may permit, subject to such terms and conditions, haying and grazing of acreage placed in the conservation reserve established under this subtitle for the purpose of meeting any requirement established under this Act except during any consecutive 5 month period that is established by the State committee. Each 5 month period shall be established during the period beginning April 1 and ending October 31 of a year. In the case of a natural disaster, the Secretary may permit unlimited haying and grazing on such acreage.

"(d) VIOLATION OF TERM OR CONDITION.—In addition to any other remedy prescribed by law, the Secretary may reduce or terminate the amount of cropland base and allotment history preserved pursuant to subsection (c) for acreage with respect to which a violation of a term or condition occurs.".

SEC. 1604. TREE PLANTING INITIATIVE.

(a) TREE PLANTING INITIATIVE.—Title XVI of the Food Security Act of 1985 (16 U.S.C. 3801 et seq.) is amended by adding at the end of subtitle F the following new section:

"SEC. 1256. TREE PLANTING INITIATIVE.

"(a) MAINTENANCE, AFFORESTATION, AND REFORESTATION OF FOREST LANDS.—(1) POLICY.—It is the policy of the United States to—

"(A) promote the retention and management of lands currently in forest cover as forested lands;

"(B) provide for the reforestation of Federal, State, and private non-industrial forest lands following timber harvest or loss of cover due to fire, insect damage, disease or damaging weather;

"(C) encourage the reforestation of previously forested lands and the afforestation of marginal agricultural lands; and

"(D) promote the planting of trees and the proper management of existing forest lands to reduce soil erosion, improve water quality, enhance fish and wildlife habitat, and provide for the sustained production of the commodity and non-commodity resources that these lands can provide to meet the Nation's needs.

"(2) IMPLEMENTATION OF POLICY.—The Secretary is encouraged to use the following programs to accomplish the policy identified in subsection (a)(1):

"(A) The conservation reserve established under subtitle D of this title (16 U.S.C. 3831 et seq.).

"(B) The agricultural conservation program authorized by sections 7 through 15, 16(a), 16(f), and 17 of the Soil Conservation and Domestic Allotment Act (16 U.S.C. 590g through 590o, 590p(a), 590p(f), and 590(g) and sections 1001 through 1008 and 1010 of the Agricultural Act of 1970 (16 U.S.C. 1501 through 1508 and 1510).

"(C) The Cooperative Forestry Assistance Act of 1978 (16 U.S.C. 2103) as amended.

"(D) The provisions of title XVI of the Food and Agricultural Resources Act of 1990.

"(b) AGREEMENTS WITH STATE FORESTRY AGENCIES.—The Secretary shall encourage owners and operators of cropland who enter into agreements in accordance with this section to enlist the cooperative assistance of the State Forester or equivalent State official in obtaining technical and financial assistance for tree planting and maintenance activities in accordance with the provisions title XV of the Food and Agricultural Resources Act of 1990.".

(b) INDIGENOUS TREE PLANTING INITIATIVE.—(1) CONTRACT PERIOD.—Section 1231(e) of the Food Security Act of 1985 (16 U.S.C. 3831(e)) is amended—

(A) by striking "(e) For the purpose of carrying out this subtitle" and inserting "(e)(1) Except as provided in paragraph (2) and for the purpose of carrying out this subtitle,"; and

(B) by adding at the end the following new paragraph:

"(2) For the purpose of carrying out this subtitle, the Secretary may offer to owners and operators of highly erodible cropland after placement in the reserve an opportunity to extend any existing contract, or to enter into a new contract on such cropland, for a total contract term of not more than 15 years under this subtitle, if such owners or operators agree to devote such cropland to indigenous trees, shelterbelts, windbreaks, wildlife corridors, or filter strips. An owner or operator shall as a condition of entering into a contract under this paragraph participate in the Forest Resources Stewardship Program established under section 4 of the Cooperative Forestry Assistance Act of 1978 (16 U.S.C. 2103).".

(2) COST SHARE ASSISTANCE.—Section 1234(b) of the Food Security Act of 1985 (16 U.S.C. 3832(b)) is amended by adding at the end the following: "In the case of contracts under this subtitle for acreage planted to indigenous trees, the Secretary shall pay not less than 50 percent and not more than 75 percent of the reasonable and necessary costs associated with establishing trees on such acreage, as determined by the Secretary, taking into consideration the amount necessary to ensure that the acreage levels planted to trees specified in section 1231 are attained. Such cost share assistance may include the costs of establishing windbreaks, shelterbelts, wildlife corridors, and filter strips and other costs incurred by such owner or operator for maintaining new tree plantings (including the cost of replanting, cultivation, nutrient needs, and disease and insect control) during the 2 to 4 year period beginning on the date the acreage is planted to trees, as determined by the Secretary. The Secretary may permit owners or operators who contract to convert at least 10 acres of land to the production of indigenous trees under this subtitle to extend the planting of such trees over a 3-year period if at least one-third of such trees are planted in each of the first 2 years. An owner or operator who receives cost-share assistance under this subsection shall not receive any other Federal cost-share assistance with respect to such land under any other provision of law.".

(c) CONVERSION OF CERTAIN ACRES.—Section 1234 of the Food Security Act of 1985 (16 U.S.C. 3834) is amended by adding at the end the following new subsection:

"(h) The Secretary shall permit owners and operators with contracts in effect under this subtitle on the date of enactment of this subsection to convert areas of highly erodible cropland that are planted to grass under such contract to the planting of indigenous trees. The owner or operator shall not require the Secretary, through such conversion, to incur any additional expense on such acres, including the expense involved in the original establishment of the vegetative cover, that is in excess of the average per acre indigenous tree planting expense in the same area. If the original term of contract with respect to land to be planted to indigenous trees under the previous sentence was less than 15 years, the owner or operator may extend such contract to a term of no more than 15 years.".

(d) ECONOMIC USE OPTION.—Section 1235(c) of the Food Security Act of 1985 (16 U.S.C. 3835(c)) is amended by adding at the end thereof the following new paragraph:

"(3)(A) The Secretary shall modify or waive a term or condition of a contract entered into under this subtitle in order to permit sustained-yield harvesting of timber or related resources by the owner or operator of such land during the last 3 years of the contract period if such owner or operator agrees to retire permanently the cropland base and allotment history applicable to such land subject to the conservation reserve contract.

"(B) The Secretary shall provide additional compensation to an owner or operator referred to in subparagraph (A) who agrees to retire permanently cropland base and allotment history, as referred to in subparagraph (A).".

SEC. 1605. NATURAL RESOURCES LOAN PROGRAM.

Title XVI of the Food Security Act of 1985 (16 U.S.C. 3801 et seq.) is amended by adding at the end of subtitle F the following new sections:

"SEC. 1257. NATURAL RESOURCES LOAN PROGRAM.

"(a) ESTABLISHMENT.—The Secretary shall establish a natural resources loan program to encourage the alleviation of natural resource conservation problems that reduce the productive capacity of the Nation's land and water resources or that cause degradation of environmental quality.

"(b) IMPLEMENTATION.—The Secretary shall, beginning within 180 days of enactment of this Act, make loans available in cash or in kind to eligible agricultural producers for those resource conservation and environmental enhancement measures that are determined necessary by the applicable county and State committees established under section 8(b) of the Soil Conservation and Domestic Allotment Act in consultation with the Extension Service, the Soil Conservation Service, the applicable conservation district, and the Fish and Wildlife Service, or are included in the water quality protection plan prepared and approved under subtitle H of this Act.

"(c) TERM AND INTEREST RATE.—Loans made under this section shall be for a period not to exceed ten years at a rate of interest based upon the rate of interest charged the Commodity Credit Corporation by the United States Treasury on the date such loans are made.

"(d) LIMITATION.—The Secretary may make loans to any one producer in any fiscal year in an amount not to exceed $50,000; loans up to $25,000 in amount may be unsecured and loans in excess of $25,000 shall be secured; and the total of such unsecured and secured loans made in each fiscal year shall not exceed $100,000,000.

"(e) APPROPRIATIONS.—There are hereby authorized to be appropriated such sums as are necessary to implement this section.

"SEC. 1258. SOIL AND WATER LOANS.

"(a) SOIL AND WATER LOAN PROGRAM.—The Secretary may provide loans for soil and water conservation and protection. The Secretary may make or insure loans under this section to farm owners or tenants who are eligible borrowers under subtitle A of title III of the Agricultural Act of 1961 for—

"(1) the installation of conservation structures, including terraces, sod waterways, permanently vegetated stream borders and filter strips, windbreaks (tree or grass), shelterbelts, and living snow fences;

"(2) the establishment of forest cover for sustained timber yield timber management, erosion control, or shelterbelt purposes;

"(3) the establishment or improvement of permanent pasture;

"(4) the conversion to and maintenance of sustainable agricultural production systems, as described by Department technical guides and handbooks;

"(5) the payment of costs of complying with section 1212 of this Act; and

"(6) other purposes consistent with plans for soil and water conservation, integrated farm management, water quality protection, and wildlife habitat improvement.

"(b) PRIORITY.—In making or insuring loans under this section, the Secretary shall give priority to producers who use such loans to build conservation structures or establish conservation practices to comply with section 1212 of this Act.

"(c) LIMITATION ON THE AMOUNT OF LOAN.—The Secretary shall make or insure no loan under this section that exceeds the lesser of—

"(1) the value of the farm or other security for such loan, or

"(2) $50,000.".

"SEC. 1606. STATE TECHNICAL COMMITTEE.

Title XVI of the Food Security Act of 1985 (16 U.S.C. 3801 et seq.) is amended by adding the following new subtitle:

"Subtitle G—State Technical Committees

"SEC. 1261. ESTABLISHMENT.

"(a) IN GENERAL.—The Secretary shall establish in each State a Technical Committee to assist the Secretary in the technical considerations relating to implementation of the conservation provisions under this title.

"(b) STANDARDS.—Not later than 180 days after enactment of this section, the Secretary shall develop standards to be used by the State Technical Committee in the development of technical guidelines under section 1262(b) for the implementation of the conservation provisions of this title.

"(c) COMPOSITION.—Each State Technical Committee established under subsection (a) shall be composed of professional resource managers that represent a variety of disciplines in the soil, water, wetland, and wildlife sciences. Such committee shall include such representatives as may serve from among—

"(1) the Soil Conservation Service;

"(2) the Agricultural Stabilization and Conservation Service;

"(3) the Forest Service;

"(4) the Extension Service;

"(5) the Farmers Home Administration;

"(6) the Fish and Wildlife Service;

"(7) State departments and agencies which the Secretary deems appropriate, including:

"(A) the State fish and wildlife agency;

"(B) the State forester;

"(C) the State water resources agency;

"(D) the State department of agriculture; and

"(E) the State association of soil and water conservation districts; and

"(8) other agency personnel with expertise in soil, water, wetland, and wildlife management as the Secretary determines appropriate.

"SEC. 1262. RESPONSIBILITIES.

"(a) IN GENERAL.—Each Committee established under section 1261 shall meet regularly to provide information, analysis, and recommendations to appropriate officials of the Department of Agriculture who are charged with implementing the conservation provisions of this title. Such information, analysis, and recommendations shall be provided in a manner that will assist the Department of Agriculture in determining matters of fact, technical merit, or scientific question. Data, analysis, and recommendations shall be provided in writing and shall reflect the best professional information and judgment of the Committee. The Secretary shall coordinate activities conducted under this section with those conducted under section 1371 of the Food and Agricultural Resources Act of 1990.

"(b) WETLAND AND WILDLIFE HABITAT PROTECTION GUIDELINES.—(1) DEVELOPMENT OF TECHNICAL GUIDES.—Not later than one year after enactment of this section each State Technical Committee shall develop technical guides for the implementation of the Wetland Preservation and Wildlife Habitat Improvement Options of the Agricultural Water Quality Protection Programs under section 1273.

"(2) CONTENT OF GUIDES.—(A) The technical guides required under this subsection shall include detailed information on the selection of crops and crop-plant varieties, cover crops, rotation practices, tillage systems, nutrient management, biological control practices (including biologically intensive integrated pest management prac-

tices), soil, water, and natural resource conservation, and other practices useful in developing practices pursuant to such option.

"(B) The technical guides required under subsection (a) shall provide standards and practical instructions for implementation of water quality improvement, wetland protection and wildlife habitat improvement practices based on existing scientific and technical knowledge.

"(C) In consultation with the panel established under section 1314 of the Food and Agricultural Resources Act of 1990, the Secretary may enter into contracts with persons who are eligible to conduct research projects under subtitle B of title XIII of such Act to assist in the development and periodic revision of the technical guides described in this subsection.

"(c) OTHER DUTIES.—Each Technical Committee shall provide assistance and offer recommendations with respect to the technical aspects of—

"(1) wetland protection, restoration, and mitigation requirements;

"(2) criteria to be used in evaluating bids for enrollment of environmentally-sensitive lands in the conservation reserve program;

"(3) guidelines for haying or grazing and the control of weeds to protect nesting wildlife on set-aside acreage;

"(4) highly erodible lands exemptions and appeals;

"(5) wetland and conservation compliance exemptions and appeals;

"(6) addressing common weed and pest problems and programs to control weeds and pests found on acreage enrolled in the conservation reserve program; and

"(7) other matters determined appropriate by the Secretary.

"(d) AUTHORITY.—Each Committee established under section 1261 is advisory and shall have no implementation or enforcement authority. However, the Secretary shall give strong consideration to the recommendations of such Committees in administering the programs under this title, and to the factual, technical, or scientific findings and recommendations under the Committee's responsibility.".

SEC. 1607. WATER QUALITY PROTECTION.

Title XVI of the Food Security Act of 1985 (16 U.S.C. 3801 et seq.) is amended by adding at the end the following:

"Subtitle H—Water Quality Protection Program

"SEC. 1271. FINDINGS AND STATEMENT OF POLICY.

"(a) FINDINGS.—Congress finds that—

"(1) the protection of ground water and surface water is essential for the health and well-being of rural America;

"(2) agricultural non-point and point source pollution has been identified by States as contributing to surface and ground water degradation in the United States;

"(3) the agricultural community desires to protect surface and ground water against pollution;

"(4) many existing farming practices and systems have the potential for preventing such pollution by minimizing pollutants at the source while maintaining agricultural productivity and profitability;

"(5) these farming practices and systems usually constitute the most cost-effective and environmentally-sound approach to protecting and enhancing water quality and the environment as affected by agriculture; and

"(6) State and Federal environmental laws increasingly give priority to pollution prevention to protect the environment, natural resources including wildlife, and human health.

"(b) STATEMENT OF POLICY.—The policy of Congress is that water quality protection, including source reduction of agricultural pollutants, henceforth shall be an important goal of the programs and policies of the Department of Agriculture. Furthermore, agricultural producers in environmentally sensitive areas should request assistance to develop and implement on-farm water quality protection plans in order to assist in compliance with State and Federal environmental laws and to enhance the environment.

"SEC. 1272. DEFINITIONS.

"As used in this subtitle—

"(1) AGRICULTURAL WATER QUALITY PROTECTION PRACTICE.—The term 'agricultural water quality protection practice' means a farm-level practice or a system

of practices designed to protect water quality by mitigating or reducing the release of agricultural pollutants, including nutrients, pesticides, animal waste, sediment, salts, biological contaminants, and other materials, into the environment.

"(2) SOURCE REDUCTION.—The term 'source reduction' means minimizing the generation, emission, or discharge of agricultural pollutants or wastes through the modification of agricultural production systems and practices.

"SEC. 1273. AGRICULTURAL WATER QUALITY PROTECTION PROGRAM.

"(a) INCENTIVES.—(1) IN GENERAL.—During the 1991 through 1995 crop years, the Secretary shall formulate and carry out a voluntary incentive program, in accordance with this subtitle, through agreements to assist owners and operators of a farm in developing and implementing a water quality protection plan pursuant to this section.

"(2) AGREEMENTS.—The Secretary shall enter into agreements of up to 5 years upon the request of owners and operators of farms in eligible areas and shall not initiate any such agreements beyond December 31, 1995.

"(3) DUTIES OF OWNERS AND OPERATORS.—In order to receive annual incentive payments, an owner or operator of a farm must agree—

"(A) to implement a water quality protection plan approved by the Secretary subject to the agreement established under this subtitle;

"(B) not to conduct any practice on the farm specified in the approved water quality protection plan as a practice that would tend to defeat the purposes of this subtitle;

"(C) to comply with such additional provisions as the Secretary determines are desirable and are included in the agreement to carry out the water quality protection plan or to facilitate the practical administration of the program;

"(D) on the violation of a term or condition of the agreement at any time the owner or operator has control of the land to refund any incentive or cost share payment received with interest and forfeit any future such payments as determined by the Secretary; and

"(E) on the transfer of the right and interest of the owner or operator in land subject to the agreement, unless the transferee of such agrees with the Secretary to assume all obligations of the agreement, to refund any such cost-share and incentive payments received under this subtitle, as determined by the Secretary.

"(4) WETLAND OR WILDLIFE HABITAT OPTIONS.—(A) COST SHARE ASSISTANCE.—Owners and operators who voluntarily agree to develop and implement agricultural production practices, in concert with their water quality protection plan, that preserve and enhance wetland or wildlife habitat, shall also be eligible to receive cost-share assistance for the implementation of such practices. The Secretary shall develop procedures for approving such agricultural practices, as a part of the water quality protection plan, that qualify for cost-share assistance.

"(B) WETLAND PRESERVATION AND WILDLIFE HABITAT IMPROVEMENT OPTIONS.—(i) The Secretary shall encourage owners and operators who choose the wetland preservation option to implement, improve and maintain agricultural production practices, in concert with their water quality protection plan, that are designed to preserve and enhance existing wetland and to restore converted wetland to their natural state.

"(ii) The Secretary shall encourage owners and operators who choose the wildlife habitat improvement option to implement, improve and maintain agricultural production practices, in concert with their water quality protection plan, that are designed to improve on-farm wildlife habitat, including the establishment of perennial cover, the protection of riparian areas, and the creation of wildlife corridors and areas of critical habitat for endangered species.

"(5) DUTIES OF THE SECRETARY.—In return for an incentive agreement voluntarily entered into under this subtitle, the Secretary shall assist the owner or operator in the protection and improvement of surface and groundwater quality and related resources by—

"(A) providing an eligibility assessment of the farming operation as a basis for developing the water quality protection plan and any options associated with such plan;

"(B) providing technical assistance in developing and implementing agricultural water quality protection plans;

"(C) providing an annual incentive payment for developing and implementing agricultural production practices in accordance with an approved water quality protection plan submitted by the owner or operator;

"(D) providing cost share assistance for implementing the wetland preservation or wildlife habitat improvement options; and

"(E) ensuring that participants receive adequate information, education, and training to aid in implementation of a plan.

"(6) PAYMENTS.—(A) TERMS.—Payments shall be made for a period of up to 5 years, as determined appropriate by the Secretary, as specified in the agreement entered into under this subtitle.

"(B) AMOUNTS.—(i) In determining the amount of incentive payment to be made to a participant under this subtitle, the Secretary shall consider, among other things, the amount necessary on a per acre basis to encourage producers to participate, additional costs incurred by the producer, and the production values forgone, if any, in implementing the practices.

"(ii) Cost-share payments shall be made in an amount not to exceed 50 percent of the cost of the eligible practice.

"(C) LIMITATIONS.—Payments to a participant agreeing to implement a plan on acres devoted to the production of an agricultural commodity under this subtitle shall not exceed—

"(i) $3500 per person per year in the form of incentive payments; and

"(ii) not more than an additional $1500 per person per year in the form of cost share assistance.

"(D) OTHER PROGRAMS.—Payments received by an owner or operator under this subtitle shall be in addition to, and not affect, the total amount of payments that such owner or operator is otherwise eligible to receive under this Act or the Agricultural Act of 1949 (7 U.S.C. 1421 et seq.), except that payments for a practice or practices shall not be made under this subtitle if payments or assistance is provided for such practice under any other Federal program.

"(7) MODIFICATIONS.—The Secretary may modify an agreement entered into with a participant under this subtitle if the participant agrees to such modification and the Secretary determines such modifications are desirable to—

"(A) carry out this subtitle;

"(B) facilitate the practical administration of this subtitle; or

"(C) achieve such other goals as the Secretary determines are appropriate, consistent with this subtitle;

"(8) TERMINATION.—The Secretary may terminate an agreement entered into with a participant under this subtitle if—

"(A)(i) the producer agrees to such termination; or

"(ii) the producer violates the terms and conditions of the agreement; and

"(B) the Secretary determines that such termination would be in the public interest.

"(9) REFUNDS.—The Secretary shall obtain refunds of incentive and cost-share payments with interest if an agreement is terminated unless it is determined by the Secretary not to be in the public interest.

"(10) BASE AND YIELD PROTECTION.—An owner or operator agreeing to implement an approved water quality protection plan pursuant to this subtitle shall, by regulations established by the Secretary, receive program payment yield and base protection on the farm during the agreement period.

"(11) ACREAGE LEVELS.—The Secretary shall, to the extent possible, seek to enter into agreements with participants to place into the program a total of not less than 20 million acres during the 1991 through 1995 crop years.

"(b) CONTENT OF PLANS.—Agricultural water quality protection plans should include as applicable, but not be limited to—

"(1) a description of the prevailing farm enterprises, cropping patterns, and cultural practices, and other information that may be relevant to protecting water quality on the farm;

"(2) a description of farm resources, including soil characteristics, proximity to water bodies, and other relevant characteristics of the farm related to water quality;

"(3) to the extent practicable, specific, quantitative water quality protection goals and objectives that will minimize contamination or degradation of surface or ground water;

"(4) a range of water quality protection practices that will, if implemented by a producer, assist such producer in complying with State and Federal environmental laws, and where appropriate, will complement conservation plans prepared for highly erodible lands under section 1212 of the Food Security Act of 1985 (16 U.S.C. 3812);

"(5) the specific agricultural production practices that will be implemented, improved and maintained, including practices that ensure continued farm pro-

ductivity and profitability by promoting the efficient use of fertilizers, other crop nutrients, and pesticides, as well as any management practices that are to be avoided, in order to carry out and achieve the water quality goals and objectives of the producer;

"(6) to the extent practicable, water quality protection practices for safe storage, mixing and loading of pesticides and fertilizers, and storage and handling of animal waste;

"(7) the timing and sequence for implementing such practices that will assist the producer in complying with State and Federal environmental laws, taking into consideration schedules that may be established in such laws; and

"(8) information that will enable the producer to evaluate the effectiveness of the plan in protecting water quality.

"(c) PLAN DEVELOPMENT.—The Secretary shall establish a procedure to enable agricultural producers to develop agricultural water quality protection plans pursuant to this section with the local Soil Conservation Service office.

"(d) PROTECTION OF CONFIDENTIALITY.—The Secretary shall protect the confidentiality of the information contained in these plans to the extent confidentiality is provided under current law to information contained in conservation plans under section 1212. The Secretary shall provide notice to producers that information contained in the plans developed under this subsection will be available to the public upon request.

"(e) PLAN APPROVAL.—The Secretary shall develop procedures for and approve water quality protection plans.

"(f) ACCEPTANCE OF CONTRACTS.—The Secretary shall begin accepting contracts within one year.

"(g) FEDERAL OR STATE PROVISIONS.—The requirements of this section are intended to supplement and support the provisions of other State and Federal laws. This section in no way replaces or substitutes for any other State or Federal laws.

"SEC. 1274. ELIGIBLE LANDS.

"(a) ELIGIBLE LANDS.—Lands eligible for enrollment in the program pursuant to section 1273 or for technical assistance pursuant to section 1275 shall include—

"(1) impaired watersheds identified by a State pursuant to section 319 of the Clean Water Act (33 U.S.C. 1329);

"(2) wellhead protection areas defined under the Safe Drinking Water Act (42 U.S.C. 300h-7);

"(3) other areas recommended by State lead agencies for environmental protection as designated by a Governor of a State; or

"(4) in consultation with the Secretary, other areas recommended by the Administrator of the Environmental Protection Agency or the Secretary of the Interior.

"(b) PRIORITY LANDS.—In accepting agreements pursuant to this section and providing assistance pursuant to section 1275, the Secretary shall give priority to lands on which agricultural production has been determined to contribute to, or creates, the potential for failure to meet applicable water quality standards or the goals and requirements of Federal or State laws governing surface and ground water quality as determined by the Secretary in consultation with State officials having responsibility for monitoring and protecting water quality.

"SEC. 1275. TECHNICAL ASSISTANCE FOR WATER QUALITY PROTECTION.

"(a) IN GENERAL.— Upon request, the Secretary shall provide technical assistance to agricultural producers on eligible lands to assist such producers in developing and implementing agricultural water quality protection plans.

"(b) FIELD OFFICE TECHNICAL GUIDES FOR WATER QUALITY PROTECTION.—(1) Development.—The Secretary shall develop handbooks and local field office technical guides describing a process to assist agricultural producers in preparing and implementing on-farm agricultural water quality protection plans necessary to assist in complying with State and Federal environmental laws, and to implement the agricultural water quality protection policy established by this subtitle.

"(2) CONTENT.—The guides required under this subsection shall reflect local agronomic, economic and ecological conditions, and include and describe in detail—

"(A) procedures to identify potential sources of pollution on a farm;

"(B) to the extent practicable, a range of water quality protection practices, and their economic cost and benefit, that is suitable to local ecological characteristics and prevailing farm enterprises and that complement conservation plans prepared for highly erodible lands under section 1212 of the Food Security Act of 1985 (16 U.S.C. 3812);

"(C) storage, mixing, and loading practices for on-farm pesticide and fertilizer use to protect water quality;

"(D) any information regarding relevant State and Federal environmental laws that may impact upon the producer;

"(E) criteria to evaluate the effectiveness of on-farm plans in protecting water quality and provide aggregate data to aid in evaluating compliance with State and Federal environmental laws; and

"(F) means to evaluate the economic costs and benefits of agricultural water quality protection practices, including source reduction practices.

"(3) DEADLINE.—Local field office technical guides shall be developed for environmentally sensitive areas no later than two years after such areas have been designated as such under State or Federal environmental law and up-dated periodically, but not less than every two years, to incorporate any improved water quality protection practices; and

"(4) CONSULTATION.—The Secretary shall consult with the Administrator of the Environmental Protection Agency, the Secretary of the Interior, and with relevant State agencies in developing handbooks and field office technical guides under this section to ensure that such handbooks and guides contain accurate and up-to-date technical information on practices designed to protect water quality.

"(c) PERSONNEL.—The Secretary shall designate the Soil Conservation Service as the lead agency for purposes of providing technical assistance in connection with implementing this subtitle, and shall assign such personnel from the Extension Service, Agricultural Research Service, and other agencies as are necessary to fulfill the purposes of this subtitle. The Secretary may request the services of the State water quality agencies, State fish and wildlife agencies, State forestry agencies, or any other source deemed appropriate to assist in providing the technical assistance necessary for the development and implementation of the water quality protection plans.

"SEC. 1276. REPORT TO CONGRESS.

"Not later than September 30, 1992, the Secretary shall provide to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate an interim report describing the degree of participation in the planning process and program established in this subtitle, including the number of plans that have been prepared, any information on the number of plans that are in implementation, including the number and acreage of farms engaged in planning by type of environmentally sensitive area, any information relevant for evaluating the effectiveness of agricultural water quality plans in protecting water quality and the economic costs and benefits of the plans if implemented, and other information pertinent to implementation of this subtitle. A final report shall be submitted no later than September 30, 1994.".

SEC. 1608. WETLAND AND ENVIRONMENTAL EASEMENTS.

Title XVI of the Food Security Act of 1985 (16 U.S.C. 3801 et seq.) is amended by adding at the end the following:

"Subtitle I—Wetland and Environmental Easement Program

"SEC. 1281. WETLAND AND ENVIRONMENTAL EASEMENT PROGRAM.

"(a) ESTABLISHMENT.—The Secretary shall, during the 1991 through 1995 crop years, formulate and carry out a wetland and environmental easement program (hereafter in this subtitle referred to as the 'easement program') in accordance with this subtitle, through the acquisition of perpetual easements or easements for the maximum term permitted under applicable State law from willing owners of eligible farms or ranches in order to ensure the continued long-term protection of environmentally sensitive lands or reduction in the degradation of water quality on such farms or ranches through the continued conservation and improvement of soil and water resources.

"(b) ELIGIBLE LAND.—(1) IN GENERAL.—The Secretary may acquire easements under this section on land placed in the conservation reserve under subtitle D (other than such land that is likely to continue to remain out of production and that does not pose an off-farm environmental threat), land under the Water Bank Act (16 U.S.C. 1301), or other cropland that—

"(A) is farmed wetland;

"(B) is adjacent to wetland that is functionally dependent on such cropland;

"(C) is converted wetland converted prior to December 23, 1985, the restoration of which is deemed important by the Secretary for the protection of water quality or wildlife;

"(D) contains riparian corridors that provide a link between wetland or that is adjacent to waterways, streams, or other water bodies;

"(E) is an area of critical habitat for wildlife, especially threatened or endangered species; or

"(F) contains other environmentally sensitive areas, as determined by the Secretary, that would prevent a producer from complying with other Federal, State, or local environmental goals if commodities were to be produced on such land.

"(2) INELIGIBLE LAND.—The Secretary may not acquire easements on—

"(A) land that contains timber stands established under the conservation reserve under subtitle D; or

"(B) pasture land established to trees under the conservation reserve under subtitle D.

"(3) TERMINATION OF EXISTING CONTRACT.—The Secretary may terminate any existing contract entered into under section 1231(a) if the land that is subject to such contract is transferred into the program established by this subtitle.

"(c) ACREAGE LIMITATION.—The Secretary shall not acquire easements on more than 10 percent of the cropland in any one county and easements may be acquired only to the extent that such easements, together with lands placed in the conservation reserve under section 1231(c)(3), shall not exceed 25 percent of the cropland in any one county, except that the Secretary may exceed the limitation established by this paragraph in a county to the extent that the Secretary determines that such action would not adversely affect the local economy of such county and producers in such county are having difficulties complying with conservation plans.

"(d) NATIONAL AGRICULTURAL WETLAND RESERVE.—(1) ESTABLISHMENT.—The Secretary shall establish as a component of the easement program established under this section a national agricultural wetland reserve.

"(2) ENROLLMENT.—The Secretary shall seek to enroll 2,500,000 acres of wetland and associated areas in the national agricultural wetland reserve during fiscal years 1991 through 1995.

"(3) PRIORITY.—In establishing the national agricultural wetland reserve, the Secretary, in consultation with the Secretary of the Interior, shall place priority on acquiring easements based on the value of the easement for protecting wetland and associated areas and enhancing habitat for migratory birds and other wildlife.

"SEC. 1282. DUTIES OF OWNERS; COMPONENTS OF PLAN.

"(a) DUTIES OF OWNERS.—(1) PLAN.—In conjunction with the creation of an easement on any lands under this subtitle, the owner of the farm or ranch wherein such lands are located must agree to implement a natural resource conservation management plan approved by the Secretary in consultation with the Secretary of the Interior.

"(2) AGREEMENT.—In return for the creation of an easement on any lands under this subtitle, the owner of the farm or ranch wherein such lands are located must agree—

"(A) to the creation and recordation of an appropriate deed restriction in accordance with applicable State law to reflect the easement agreed to under this subtitle with respect to such lands;

"(B) to provide a written statement of consent to such easement signed by those holding a security interest in the land;

"(C) to comply with such additional provisions as the Secretary determines are desirable and are included in the easement to carry out this subtitle or to facilitate the practical administration thereof;

"(D) to specify the location of any timber harvesting on land subject to the easement; harvesting and commercial sales of Christmas trees and nuts shall be prohibited on such land, except that no such easement or related agreement shall prohibit activities consistent with customary forestry practices, such as pruning, thinning, or tree stand improvement on lands converted to forestry uses;

"(E) to limit the production of any agricultural commodity on such lands only to production for the benefit of wildlife;

"(F) not to conduct any harvesting or grazing, nor otherwise make commercial use of the forage, on land that is subject to the easement unless specifically provided for in the easement or related agreement, nor adopt any similar prac-

tice specified in the easement or related agreement that would tend to defeat the purposes of this subtitle, as determined by the Secretary;

"(G) not to adopt any other practice specified in the easement or related agreement that would tend to defeat the purposes of this subtitle, as determined by the Secretary;

"(3) Violation on the violation of the terms or conditions of such related agreement, the owner shall have the responsibility—

"(i) to refund to the Secretary any cost share payments received by the owner under this subtitle, together with interest thereon as determined by the Secretary, if the Secretary determines that such violation warrants termination of the agreement; or

"(ii) to refund to the Secretary, or accept adjustments to, cost share payments provided under this subtitle as the Secretary determines appropriate, if the Secretary determines that such violation does not warrant termination of the agreement.

"(b) COMPONENTS OF PLAN.—The natural resource conservation management plan referred to in subsection (a)(1), (hereafter referred to as the 'plan')—

"(1) shall set forth—

"(A) the conservation measures and practices to be carried out by the owner of the land subject to the easement; and

"(B) the commercial use, if any, to be permitted on such land during the term of the easement; and

"(2) shall provide for the permanent retirement of any existing cropland base and allotment history for such land under any program administered by the Secretary.

"SEC. 1283. DUTIES OF THE SECRETARY.

"In return for the granting of an easement by an owner under this subtitle, the Secretary shall—

"(1) share the cost of carrying out the establishment or reestablishment of conservation measures and practices set forth in the plan for which the Secretary determines that cost sharing is appropriate and in the public interest;

"(2) pay for a period not to exceed 10 years annual easement payments in the aggregate not to exceed the lesser of—

"(A) $250,000; or

"(B) the value of the land without an easement;

"(3) provide necessary technical assistance to assist owners in complying with the terms and conditions of the easement and the plan; and

"(4) permit the land to be used for wildlife activities, including hunting and fishing, if such use is permitted by the owner.

"SEC. 1284. PAYMENTS.

"(a) TIME OF PAYMENT.—The Secretary shall provide payment for obligations incurred by the Secretary under this subtitle—

"(1) with respect to any cost sharing obligation as soon as possible after the obligation is incurred; and

"(2) with respect to any annual easement payment obligation incurred by the Secretary as soon as possible after October 1 of each calendar year.

"(b) COST SHARING PAYMENTS.—In making cost sharing payments to owners under this subtitle, the Secretary may pay up to 100 percent of the cost of establishing, or reestablishing, conservation measures and practices pursuant to this subtitle.

"(c) EASEMENT PAYMENTS; ACCEPTABILITY OF OFFERS.—(1) DETERMINATION OF AMOUNT.—The Secretary shall determine the amount payable to owners in the form of easement payments under this subtitle, and in making such determination may consider, among other things, the amount necessary to encourage owners to participate in the easement program.

"(2) ACCEPTABILITY OF OFFERS.—In determining the acceptability of easement offers, the Secretary may take into consideration—

"(A) the extent to which the purposes of the easement program would be achieved on the land;

"(B) the productivity of the land; and

"(C) the on-farm and off-farm environmental threats if the land is used for the production of agricultural commodities.

"(d) FORM OF PAYMENT.—Except as otherwise provided in this section, payments under this subtitle—

"(1) shall be made in cash in such amount and at such time as is agreed on and specified in the easement or related agreement; and

"(2) may be made in advance of a determination of performance.

"(e) PAYMENTS TO OTHERS.—If an owner who is entitled to a payment under this subtitle dies, becomes incompetent, is otherwise unable to receive such payment, or is succeeded by another person who renders or completes the required performance, the Secretary shall make such payment, in accordance with regulations prescribed by the Secretary and without regard to any other provision of law, in such manner as the Secretary determines is fair and reasonable in light of all of the circumstances.

"(f) PAYMENT LIMITATION.—(1) IN GENERAL.—The total amount of easement payments made to a person under this subtitle for any fiscal year may not exceed $50,000.

"(2) REGULATIONS.—The Secretary shall issue regulations—

"(i) defining the term 'person' as used in this subsection, which shall conform, to the extent practicable, to the regulations defining the term 'person' issued under section 1001; and

"(ii) prescribing such rules as the Secretary determines necessary to ensure a fair and reasonable application of the limitation contained in this subsection.

"(3) OTHER PAYMENTS.—Easement payments received by an owner shall be in addition to, and not affect, the total amount of payments that such owner is otherwise eligible to receive under this Act, the Food and Agricultural Resources Act of 1990, or the Agricultural Act of 1949 (7 U.S.C. 1421 et seq.).

"(4) STATE WETLAND AND ENVIRONMENTAL ENHANCEMENT.—The provisions of this subsection that limit payments to any person, and section 1305(d) of the Agricultural Reconciliation Act of 1987 (7 U.S.C. 1208 note), shall not be applicable to payments received by a State, political subdivision, or agency thereof in connection with agreements entered into under a special wetland and environmental easement enhancement program carried out by that entity that has been approved by the Secretary. The Secretary may enter into such agreements for payments to States, political subdivisions, or agencies thereof that the Secretary determines will advance the purposes of this subtitle.

"(g) EXEMPTION FROM AUTOMATIC SEQUESTER.—Notwithstanding any other provision of law, no order issued for any fiscal year from 1991 through 2006 under section 252 of the Balanced Budget and Emergency Deficit Control Act of 1985 (2 U.S.C. 902), shall affect any payment pursuant to an easement entered into under this subtitle.

"SEC. 1285. CHANGES IN OWNERSHIP

"(a) LIMITATIONS.—No easement shall be created under this subtitle on land that has changed ownership in the year preceding the year of such acquisition unless—

"(1) the new ownership was acquired by will or succession as a result of the death of the previous owner;

"(2) the new ownership was acquired before January 1, 1990; or

"(3) the Secretary determines that the land was acquired under circumstances that give adequate assurances that such land was not acquired for the purposes of placing it in the program established by this subtitle.

"(b) MODIFICATION; TERMINATION.—(1) MODIFICATION.—The Secretary may modify an easement acquired from, or a related agreement with, an owner under this subtitle if—

"(A) the current owner agrees to such modification; and

"(B) the Secretary determines that such modification is desirable—

"(i) to carry out this subtitle;

"(ii) to facilitate the practical administration of this subtitle; or

"(iii) to achieve such other goals as the Secretary determines are appropriate and consistent with this subtitle.

"(2) TERMINATION.—(A) The Secretary may terminate an easement created with an owner under this subtitle if—

"(i) the current owner agrees to such termination; and

"(ii) the Secretary determines that such termination would be in the public interest.

"(B) At least 90 days before taking any action to terminate under paragraph (A) all easements entered into under this subtitle, the Secretary shall provide written notice of such action to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate.".

SEC. 1609. ADMINISTRATION OF CONSERVATION PROGRAMS.

(a) DEFINITIONS.—Section 1201(a) of the Food Security Act of 1985 (16 U.S.C. 3801(a)) is amended by striking "subtitles A through E:" and inserting "subtitles A through E, H, and I:".

(b) COMMODITY CREDIT CORPORATION.—Section 1241 of such Act (16 U.S.C. 3841) is amended—

(1) in subsection (a)(2), by striking "subtitle D," and inserting "subtitles D, H, and I,"; and

(2) in subsection (b), by striking "subtitles (A) through (E)" and inserting "subtitles A through E, H, and I".

(c) USE OF OTHER AGENCIES.—Section 1242 of such Act (16 U.S.C. 3842) is amended—

(1) in subsection (a), by striking "and D," and inserting "D, H, and I,";

(2) in subsection (b)(1), by striking "subtitle D," and inserting "subtitles D, H, and I,"; and

(3) in subsection (b)(2), by striking "subtitle D" and inserting "subtitles D, H, and I".

(d) ADMINISTRATION.—Section 1243 of such Act (16 U.S.C. 3843) is amended—

(1) in subsection (a), by striking "subtitles A through E" and inserting "subtitles A through E, H, and I";

(2) in subsection (c)—

(A) by striking "subtitles B through E" and inserting "subtitles B through E, and H"; and

(B) by striking "program established by subtitle D" and inserting "programs established by subtitles D and H"; and

(3) by adding the following new paragraphs:

"(d) In making determinations under this title and in conducting appeals from any determination made under this title, the Secretary shall act as expeditiously as possible but shall provide adequate safeguards to protect the interests of the persons involved in such determination.

"(e) The Secretary shall annually review the number and status of appeals pending under this title at the district, area, and state conservationist level, and shall identify those such appeals that have been pending in excess of 120 days. The Secretary shall annually report to Congress the results of such review.".

(e) REGULATIONS.—Section 1244 of such Act (16 U.S.C. 3844) is amended—

(1) by inserting "(a)" after "1244."; and

(2) by adding at the end the following:

"(b) Not later than 180 days after the date of enactment of this subsection, the Secretary shall issue such regulations as the Secretary determines are necessary to carry out subtitles H, and I, including regulations that address, with respect to such subtitles, paragraphs (1), (2), and (3) of subsection (a).".

(f) AUTHORIZATION OF APPROPRIATIONS.—Section 1245 of such Act (16 U.S.C. 3845) is amended by striking "subtitles A through E." and inserting "subtitles A through E, H, and I."

SEC. 1610. OFFICE OF ENVIRONMENTAL QUALITY.

(a) ESTABLISHMENT.—There is hereby established an Office of Environmental Quality in the Department of Agriculture (hereafter in this section also referred to as the "Department"). The Office shall be under the direct authority of the Secretary of Agriculture (hereafter in this section referred to as the "Secretary").

(b) DIRECTOR.—(1) IN GENERAL.—The Office shall be administered by a Director who shall be appointed by the Secretary. The Director shall be an individual who has demonstrated technical expertise and experience in agricultural and environmental matters.

(2) POSITION AT EXECUTIVE LEVEL IV.—Section 5315 of title 5, United States Code, is amended by adding at the end the following: "Director of the Office of Environmental Quality.".

(c) STAFF.—(1) APPOINTMENTS.—The Secretary shall appoint such staff as may be necessary to assist the Director in carrying out this section. Staff shall have professional expertise in matters related to environmental quality including, but not limited to, agricultural production, water quality, wetland, wildlife conservation, soil conservation, and agricultural chemical usage.

(2) LIAISONS.—The Secretary shall request that the Administrator of the Environmental Protection Agency and the Secretary of the Interior detail, on a reimbursable basis, to the Office at least one employee of the Environmental Protection Agency and the Department of the Interior, respectively, with expertise in matters related to agriculture and environmental quality, to serve as a liaison for the Environmental Protection Agency and the Department of the Interior, respectively, with the Department of Agriculture to assist the Director in carrying out the duties of the Director under this section.

(3) ADDITIONAL STAFF.—If the Director determines that additional professional individuals are necessary to carry out the duties under this section, then, upon request of the Director, the head of any Federal agency is authorized to detail, on a reimbursable basis, any of the personnel of such agency to the Office to assist the Director.

(4) APPOINTMENT DEADLINE.—The Director shall be appointed not later than 60 days after the date of enactment of this Act.

(d) DUTIES.—The Director shall assist the Secretary in developing a departmental and agency-specific environmental quality policy statement and implementation plan and an annual agricultural environmental quality report, as specified in subsection (f). The Director shall coordinate and monitor the activities of the Department regarding initiatives and programs related to environmental quality and the interpretation of departmental policies affecting environmental quality. The Director shall also be responsible for—

(1) recommending to the Secretary environmental protection goals and specific programs, initiatives, and policies that will balance the needs of production agriculture with environmental concerns;

(2) providing advice to the Secretary on the development, implementation, and review of activities of agencies of the Department to ensure consistency with the Department's environmental protection goals;

(3) coordinating environmental policies within the Department, and between the Department and other Federal agencies, regional authorities, State and local governments, land-grant and other colleges and universities, and nonprofit and commercial organizations, regarding programs and actions relating to environmental quality;

(4) serving as a coordinator for the Department's data, information, programs, and initiatives dealing with environmental quality; and

(5) developing the plans and reports required under subsection (f).

(e) COMMITTEE ON ENVIRONMENTAL QUALITY.—(1) ESTABLISHMENT.—There is established in the Department the Interagency Committee on Environmental Quality. The Committee shall—

(A) advise the Director on the policies and activities of the agencies of the Department which have an impact on environmental quality; and

(B) provide guidance to the Director on actions the Director should undertake.

(2) MEMBERSHIP.—The members of the Committee shall include the Director and the heads of the Soil Conservation Service, the Agricultural Stabilization and Conservation Service, the Animal and Plant Health Inspection Service, the Agricultural Research Service, the Cooperative State Research Service, the Economic Research Service, the Extension Service, the Forest Service, the Farmers Home Administration, the National Agricultural Statistics Service, and other agencies within the Department deemed appropriate by the Secretary.

(3) PROCEDURES.—The Director shall serve as the chair of the Committee. The Committee shall meet at least quarterly.

(4) LIAISON.—The members of the Committee shall serve as liaisons between their agencies and the Committee.

(5) TECHNICAL INTEGRATION GROUPS.—The Director shall provide for technical integration groups to coordinate the research agendas and priorities of the Department of Agriculture, the United States Geological Survey, the Environmental Protection Agency, the National Oceanic and Atmospheric Agency, the National Fertilizer Development Center of the Tennessee Valley Authority and other appropriate Federal agencies.

(f) ENVIRONMENTAL QUALITY POLICY STATEMENT, IMPLEMENTATION PLAN, AND ANNUAL REPORT.—(1) POLICY STATEMENT.—(A) The Director shall prepare an Environmental Quality Policy Statement that identifies goals and objectives for addressing the effects of agriculture on environmental quality and is based upon an assessment, in accordance with subparagraph (B), of the current status and level of effort, in terms of staff and funding, of programs at the Department of Agriculture to evaluate, prevent, and mitigate environmental problems that may result from agricultural production subject to the approval of the Secretary. The policy statement shall be revised at least every 5 years.

(B) The assessment under subparagraph (A) shall include—

(i) detailed descriptions of the roles of the respective divisions and services of the Department;

(ii) a description of current efforts to coordinate the individual activities of each of the involved departmental agencies;

(iii) recommendations for precluding any undesirable duplication of effort within the Department and between the Department and other Federal and State programs; and

(iv) specific recommendations for new initiatives in monitoring, research, extension, and technical assistance efforts to address present and potential environmental quality problems.

The assessment may incorporate existing documents and planning processes within the Department.

(2) IMPLEMENTATION PLAN.—The Director shall prepare a plan to implement the Environmental Quality Policy Statement and to achieve the specific goals and objectives it includes, subject to the approval of the Secretary. The plan shall include an assessment of the activities of each agency to mitigate or reduce any negative effects of agricultural policies, programs, and practices under their jurisdiction on environmental quality and shall describe in detail new Departmental and agency-specific initiatives intended to achieve the goals and objectives of the policy statement. The plan shall be revised at least every 5 years.

(3) ANNUAL ENVIRONMENTAL QUALITY REPORT.—Not later than January 31, 1991, and annually thereafter, the Secretary, through the Director, shall prepare and submit an annual report to the Congress, other appropriate Federal and State agencies, and the public on the progress being made toward the goals and objectives established in the National Environmental Quality Statement. The report shall also include—

(A) a review of the environmental activities and initiatives of the Department during the preceding year;

(B) specific action taken to coordinate the environmental programs of the Department with programs of other Federal agencies and related State programs; and

(C) such recommendations as the Secretary considers appropriate regarding current or additional environmental protection programs, initiatives, or policies that will balance the needs of production agriculture while addressing environmental concerns.

(4) PRELIMINARY DRAFT.—The preliminary draft of the implementation plan required under this subsection shall be developed within 300 days after the date of the enactment of this Act and shall then be made available for public comment for a period of at least 30 days. The final report shall be submitted to the Congress, appropriate State and Federal agencies, and the public not later than one year after the date of the enactment of this Act.

SEC. 1611. INTEGRATED FARM MANAGEMENT PROGRAM OPTION.

(a) ESTABLISHMENT.—The Secretary of Agriculture (hereafter in this section referred to as the "Secretary") shall, by regulation, establish a voluntary program, to be known as the "Integrated Farm Management Program Option" (hereafter referred to in this section as the "program"), designed to assist producers of agricultural commodities in adopting integrated, multiyear, site-specific farm management plans by reducing farm program barriers to resource stewardship practices and systems. Participants in the program under this section may plant base acres of one program commodity to a crop of another program commodity and maintain base acreage, but not receive payments unless such planted commodity is part of a resource-conserving crop.

(b) DEFINITIONS.—(1) IN GENERAL.—For purposes of this section—

(A) The term "resource-conserving crop" means legumes, legume-grass mixtures, legume-small grain mixtures, legume-grass-small grain mixtures, and alternative crops.

(B) The term "resource-conserving crop rotation" means a crop rotation that includes at least one resource-conserving crop and that reduces erosion, maintains or improves soil fertility and tilth, interrupts pest cycles, or conserves water.

(C) The term "farming operations and practices" includes the integration of crops and crop-plant variety selection, rotation practices, tillage systems, soil conserving and soil building practices, nutrient management strategies, biological control and integrated pest management strategies, livestock production and management systems, animal waste management systems, water and energy conservation measures, and health and safety considerations.

(D) The term "integrated farm management plan" means a comprehensive, multiyear, site-specific plan that meets the requirements of subsection (e).

(2) CROPS.—For purposes of paragraph (1)(A)—

(A) The term "grass" means perennial grasses commonly used for haying or grazing.

(B) The term "legume" means forage legumes (such as alfalfa or clover) or any legume grown for use as a forage or green manure, but not including any bean crop from which the seeds are harvested.

(C) The term "small grain" shall not include malting barley or wheat, except for wheat interplanted with other small grain crops for nonhuman consumption.

(D) The term "alternative crops" means experimental and industrial crops grown in arid and semi-arid regions that conserve soil and water.

(c) ELIGIBILITY.—To be eligible to participate in the program established by this section, a producer must—

(1) prepare and submit to the Secretary for approval an integrated farm management plan (hereafter referred to in this section as the "plan");

(2) comply with the terms and conditions of the plan, as approved by the Secretary; and

(3) keep such records as the Secretary may require.

(d) CONTRACTS.—The Secretary shall enter into contracts with producers to enroll acreage in the program. Such contracts shall be for a period of not less than 3 years, but may, at the producer's option, be for a longer period of time up to 10 years.

(e) REQUIREMENTS OF THE PLANS.—Each plan approved by the Secretary shall—

(1) specify the acreage to be enrolled in the program;

(2) describe the resource-conserving crop rotation to be implemented and maintained on such acreage during the contract period to fulfill the purposes of the program;

(3) contain a schedule for the implementation, improvement and maintenance of the resource-conserving crop rotation described in the plan;

(4) describe the farming operations and practices to be implemented on such acreage and how such operations and practices could reasonably be expected to result in--

(A) the maintenance or enhancement of the overall productivity and profitability of the farm;

(B) the prevention of the degradation of farmland soils, the long-term improvement of the fertility and physical properties of such soils; and

(C) the protection of water supplies from contamination by managing or minimizing agricultural pollutants if their management or minimization results in positive economic and environmental benefits;

(4) comply with all Federal, State, and local requirements designed to protect soil, wetland, wildlife habitat, and the quality of groundwater and surface water; and

(5) contain such other terms as the Secretary may, by regulation, require.

(f) ADMINISTRATION; CERTIFICATION; TERMINATION.—(1) ADMINISTRATION; TECHNICAL ASSISTANCE; FLEXIBILITY; IMPLEMENTATION; DISPLACEMENT.—(A) The program shall be administered by the Secretary.

(B) In administering the program, the Secretary, in consultation with the local conservation districts, and the local conservation committee, shall provide technical assistance to producers in developing and implementing plans, evaluating the effectiveness of plans, and assessing the costs and benefits of farming operations and practices. The plans may draw on handbooks and technical guides and may also include other practices appropriate to the particular circumstances of the producer and the purposes of the program.

(C) In administering the program, the Secretary shall provide sufficient flexibility for a producer to adjust or modify the producer's plan to respond to changes in technology and farm and market conditions. Any such adjustments or modifications shall be consistent with the purposes of the program and approved by the Secretary.

(D)(i) Notwithstanding any other provision of this section, the Secretary shall implement this section in such a manner as to minimize any adverse economic effect on the agribusinesses and other agriculturally related economic interests within any county, State, or region that may result from a decrease of harvested acres due to the operation of this section. In carrying out this section, the Secretary may restrict the total amount of crop acreage that may be removed from production, taking into consideration the total amount of crop acreage that has, or will be, removed from production under other price support, production adjustment, or conservation program activities.

(ii) The Secretary shall, to the greatest extent practicable, permit producers on a farm that desire to participate in the program authorized under this section to

enroll acreage adequate to maximize conservation goals on such farm and ensure economic effectiveness of the program in each individual application.

(E)(i) Any enrollment in this program of land on a farm that results in an average decrease of harvested acres on such farm in excess of 25 percent over the life of such plan as compared to current operations shall be deemed as Conservation Reserve Program acres for the purpose of applying the county limit on acres placed in the reserve.

(ii) To the extent practicable, the Secretary shall not enroll any acreage under this program to the extent that the average amount of cropland removed from production in any county under the plan developed for such acreage over the life of such plan plus the total amount of cropland removed from production in such county under—

(I) the Conservation Reserve Program authorized under section 1231 of the Food Security Act of 1985 (hereafter referred to as the "Conservation Reserve Program"); and

(II) a program authorized under section 101B(c)(1)(B), section 103B(c)(1)(B), section 105A(c)(1)(B), or section 107A(c)(1)(B) of the Agricultural Act of 1949 (7 U.S.C. 1441 et seq.) (hereafter in this section referred to as the "Act")

would exceed 25 percent of the total commercial cropland in any such county.

(F) The Secretary shall not approve any plan that will result in the involuntary displacement of farm tenants or lessees by landowners through the removal of substantial portions of the farm from production of a commodity. In the case of any tenant or lessee who has rented or leased the farm (with or without a written option for annual renewal or periodic renewals) for a period of two or more of the immediately preceding years, the Secretary shall consider the refusal by a landlord, without reasonable cause other than simply for the purpose of enrollment in the program, to renew such rental or lease as an involuntary displacement in the absence of a written consent to such nonrenewal by the tenant or lessee.

(2) CERTIFICATION.—The Secretary shall certify compliance by producers with the terms and conditions of the plans.

(3) TERMINATION.—The Secretary may terminate a contract entered into with a producer under this program if—

(A) the producer agrees to such termination, or

(B) the producer violates the terms and conditions of such contract.

(g) PROGRAM RULES.—(1) BASE, YIELD AND PAYMENT PROTECTION.—Notwithstanding any other provision of law, the Secretary shall not, except as provided in paragraph (3), reduce crop acreage bases, farm program payment yields, or farm program payments of participants in the program as a result of their planting a resource-conserving crop as part of a resource-conserving crop rotation.

(2) ADJUSTMENTS IN ACREAGE REDUCTION REQUIREMENTS.—Notwithstanding any other provision of law, the Secretary shall make fair and equitable adjustments in acreage limitation or set-aside requirements applicable to producers participating in the program giving due consideration to crop rotation, soil and water conservation practices, and other appropriate factors resulting from the implementation of plans. If the Secretary determines that the reduction in program crop production and total crop production on a participating farm referred to in the preceding sentence will equal or exceed any reduction in crop production that occurs on the farm as a result of acreage reduction requirements in the absence of participation in the program, the Secretary shall waive or reduce the acreage limitation or set-aside requirement for the farm.

(3) HAYING AND GRAZING RESTRICTION.—The Secretary shall eliminate any program payments a producer is otherwise eligible to receive with respect to acreage enrolled in the program if such producer hays or grazes such acreage during the 5-month period in each State during which haying and grazing of conserving use acres is not allowed under the provisions of the Agricultural Act of 1949, or, if the crop planted on such acreage is a small grain, before the producer harvests the small grain crop in kernel form, whichever is sooner.

(4) The Secretary, only for the purpose of establishing a producer's crop acreage base under the Agricultural Act of 1949, shall make such adjustments as the Secretary determines to be fair and equitable to reflect resource-conserving crop rotation practices that were maintained by producers prior to participation in the program and to reflect such other factors as the Secretary determines should be considered, except that the total of such adjustments in any year shall not exceed the total farm program savings in the same year that would result from the implementation of plans.

(5) PAYMENT ACREAGE LIMITATION.—(A) IN GENERAL.—No producer enrolled in a resource-conserving crop rotation shall receive payments under farm programs for

wheat, feed grains, rice, or cotton under the Agricultural Act of 1949 on traditionally under-planted acreage.

(B) DEFINITION.—(i) Subject to clause (ii), for the purposes of this paragraph, the term "traditionally under-planted acreage" means—

(I) the average for the 3 crops prior to the date of enactment of this Act of the acreage that is part of a producer's crop acreage base that is not planted to the program crop, less

(II) the portion of the crop acreage base subject to an acreage limitation program or required to be set aside for the current crop year.

(ii) In the case of producers participating in a program authorized under section 101B(c)(1)(B), section 103B(c)(1)(B), section 105A(c)(1)(B), or section 107A(c)(1)(B) of the Agricultural Act of 1949, the term "traditionally under-planted acreage" means 8 percent of the producer's permitted acreage.

(h) REPORTS.—The Secretary shall submit to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate, not later than April 1, 1991, and each April 1 thereafter, a report describing the progress of the program that shall include—

(1) a summary and analysis of participation rates, implementation, and economic and environmental impact of the program, by geographical region, farm type, farm size, and other relevant subdivisions;

(2) a description of administration, technical assistance, and certification procedures undertaken to carry out such program; and

(3) such other information as the Secretary deems appropriate.

SEC. 1612. SOIL AND WATER ACTIVITIES.

(a) PURPOSE.—The Congress declares that an additional purpose of the Soil Conservation Service and the Extension Service is to aid in protecting and improving the quality of water.

(b) CONSERVATION PLANS.—The Secretary, when reviewing conservation plans for compliance certification, shall determine the impact that such plans may have on agriculture and water quality planning. The Soil Conservation Service shall complete this determination by January 1, 2000.

(c) ACQUISITION OF WATER INFORMATION THROUGH THE NATIONAL RESOURCES INVENTORY.—The Secretary shall determine within six months after the date of the enactment of this Act whether the national resources inventory can be modified to acquire useful information on water conditions and surface conditions that affect water quality and supply. In making this determination, the Secretary shall consider—

(1) the costs, limitations, opportunities, and capability of expanding the inventory to include water matters; and

(2) whether the natural resources inventory can be integrated with alternative sources of data on water from Federal and State agencies.

(d) ANNUAL REPORT.—The Secretary shall submit an annual report to the Committee on Agriculture of the House of Representatives and to the Committee on Agricultural, Nutrition, and Forestry of the Senate in conjunction with the report required under section 1610(f)(3) of this Act. The report shall specify the—

(1) activities and accomplishments of the Soil Conservation Service during the preceding year, including measures taken to enhance the ability of the Service to address water contamination problems;

(2) plans of the Chief for the subsequent year, including measures expected to be taken to enhance the ability of the Service to address water contamination problems; and

(3) progress made in carrying out the purpose stated in subsection (a).

SEC. 1613. COST SHARING FOR SOIL ENHANCEMENT.

(a) SOIL FERTILITY.—The first paragraph of subsection (b) of section 8 of the Soil Conservation and Domestic Allotment Act (16 U.S.C. 590h) is amended by adding after the words 'enduring conservation (including energy conservation) and environmental enhancement measures' the following: 'and other measures that enhance soil fertility and physical characteristics of the soil'.

(b) PLANTING OF LEGUMES.—Section 8 of the Soil Conservation and Domestic Allotment Act (16 U.S.C. 590l) is amended by adding at the end thereof the following new subsection:

"(h) PLANTING OF LEGUMES.—(1) COST-SHARING.—The Secretary is authorized to enter into agreements with producers on farms to provide 50 percent cost-sharing assistance for the costs of establishing short-term stands of soil-building legumes and legume-grass mixtures on harvested or reduced acres when applying a resource-

conserving crop rotation, except when planted on acres on which farm program payments are received.

"(2) DEFINITION.—As used in this subsection—

"(i) the term 'legumes' means forage legumes, such as alfalfa or clover, and any legume grown for use as a forage or green manure and does not include any bean crop from which the seeds are harvested;

"(ii) the term 'grasses' shall include perennial grasses commonly used for haying or grazing;

"(iii) 'short-term stands of soil building legumes or legume-grass mixtures' shall include those maintained for at least one full growing season, but not more than 2 years.

"(3) OTHER LAND.—Producers shall not be ineligible under this subsection solely because they plant on land eroding at rates less than the tolerable rate.

"(4) DISQUALIFICATION.—Assistance may be denied under this subsection if the local Soil Conservation Service office determines that due to the presence of soil nitrates planting of the legume will result in excessive leaching of nitrates into groundwater.

"(5) HERBICIDES.—Herbicide purchases and applications shall be ineligible for assistance under this subsection.".

SEC. 1614. EXTENSION OF GREAT PLAINS CONSERVATION PROGRAM.

Section 16(b) of the Soil Conservation and Domestic Allotment Act (16 U.S.C. 590p(b)) is amended—

(1) in paragraph (1)—

(A) by striking "September 30, 1991" and inserting "September 30, 2001"; and

(B) by striking "land, and (c)" and inserting "land, (c) enhancing water quality, and (d)"; and

(2) in paragraph (7) by striking "$600,000,000" and inserting "$900,000,000".

SEC. 1615. AMENDMENT TO THE WATERSHED PROTECTION AND FLOOD PREVENTION ACT.

Section 3(6) of the Watershed Protection and Flood Prevention Act (16 U.S.C. 1003(6)) is amended by inserting after "recreation resources of" the words "and enhance the water quality of".

SEC. 1616. RESOURCE CONSERVATION AND DEVELOPMENT PROGRAM ELIGIBILITY.

Section 1536 of the Agriculture and Food Act of 1981 (16 U.S.C. 3459) is amended by striking "two hundred and twenty-five" and inserting "450".

SEC. 1617. AMENDMENT TO THE NOXIOUS WEED ACT.

The Federal Noxious Weed Act of 1974 (7 U.S.C. 2801 et seq.) is amended by adding at the end the following:

"SEC. 15. MANAGEMENT OF UNDESIRABLE PLANTS ON FEDERAL LANDS.

"(a) DUTIES OF AGENCIES.—Each Federal agency shall—

"(1) designate an office or person adequately trained in the management of undesirable plant species to develop and coordinate an undesirable plants management program for control of undesirable plants on Federal lands under the agency's jurisdiction;

"(2) establish and adequately fund an undesirable plants management program through the agency's budgetary process;

"(3) complete and implement cooperative agreements with State agencies regarding the management of undesirable plant species on Federal lands under the agency's jurisdiction; and

"(4) establish integrated management systems to control or contain undesirable plant species targeted under cooperative agreements.

"(b) ENVIRONMENTAL IMPACT STATEMENTS.—In the event an environmental assessment or environmental impact statement is required under the National Environmental Policy Act of 1969 (42 U.S.C. 4321 et seq.) to implement plant control agreements, Federal agencies shall complete such assessments or statements within 1 year after the requirement for such assessment or statement is ascertained.

"(c) COOPERATIVE AGREEMENTS WITH STATE AGENCIES.—(1) IN GENERAL.—A Federal agency shall enter into cooperative agreements with State agencies to coordinate the management of undesirable plant species on Federal lands.

"(2) CONTENTS OF PLAN.—A cooperative agreement entered into pursuant to paragraph (1) shall—

"(A) prioritize and target undesirable plant species or group of species to be controlled or contained within a specific geographic area;

"(B) describe the integrated management system to be used to control or contain the targeted undesirable plant species or group of species; and

"(C) detail the means of implementing the integrated management system, define the duties of the Federal agency and the State agency in prosecuting that method and establish a timeframe for the initiation and completion of the tasks specified in the integrated management system.

"(d) EXCEPTION.—This section does not require a Federal agency to carry out programs on Federal lands if there are no such programs being implemented on State or private lands.

"(e) DEFINITIONS.—As used in this section:

"(1) COOPERATIVE AGREEMENT.—The term 'Cooperative Agreement' means a written agreement between a Federal agency and a State agency entered into pursuant to this section.

"(2) FEDERAL AGENCY.—The term 'Federal agency' means a department, agency, or bureau of the Federal Government responsible for administering or managing Federal lands under its jurisdiction.

"(3) FEDERAL LANDS.—The term 'Federal lands' means lands managed by or under the jurisdiction of the Federal Government.

"(4) INTEGRATED MANAGEMENT SYSTEM.—The term 'integrated management systems' means a system for the planning and implementation of a program, using an interdisciplinary approach, to select a method for containing or controlling an undesirable plant species or group of species using all available methods, including—

"(A) education;

"(B) preventive measures;

"(C) physical or mechanical methods;

"(D) biological agents;

"(E) herbicide methods;

"(F) cultural methods; and

"(G) general land management practices such as manipulation of livestock or wildlife grazing strategies or improving wildlife or livestock habitat.

"(5) INTERDISCIPLINARY APPROACH.—The term 'interdisciplinary approach' means an approach to making decisions regarding the containment or control of an undesirable plant species or group of species, which—

"(A) includes participation by personnel of Federal or State agencies with experience in areas including weed science, range science, wildlife biology, land management, and forestry; and

"(B) includes consideration of—

"(i) the most efficient and effective method of containing or controlling the undesirable plant species;

"(ii) scientific evidence and current technology;

"(iii) the physiology and habitat of a plant species; and

"(iv) the economic, social, and ecological consequences of implementing the program.

"(6) STATE AGENCIES.—The term 'State agency' means a State department of agriculture, or other State agency or political subdivision thereof, responsible for the administration or implementation of undesirable plants laws of a State.

"(7) UNDESIRABLE PLANT SPECIES.—The term 'undesirable plants' means plant species that are classified as undesirable, noxious, exotic, injurious, or poisonous, pursuant to State or Federal law. Designation of undesirable plants under this section is limited by the Endangered Species Act, and shall not include plants indigenous to an area where control measures are to be taken under this section.

"(f) DIRECTION TO SECRETARY.—The Secretary of Agriculture shall exercise the authority granted in this Act to control the spread of undesirable plants as a result of transporting seeds or commodities to or from Federal lands.".

TITLE XVII—FOOD STAMP AND RELATED PROVISIONS

SEC. 1700. SHORT TITLE; PRESUMPTION OF REFERENCE TO FOOD STAMP ACT OF 1977.

(a) SHORT TITLE.—This title may be cited as the "Mickey Leland Memorial Domestic Hunger Relief Act".

(b) REFERENCE TO FOOD STAMP ACT OF 1977.—Unless otherwise expressly provided, whenever in this title a reference is made to "the Act" or an amendment is expressed in terms of an amendment to a section or other provision, the reference shall be considered to be made to the Food Stamp Act of 1977 (7 U.S.C. 2011 et seq.) or to a section or other provision of such Act.

Subtitle A—Reducing Childhood Hunger

SEC. 1701. HOUSEHOLDS WITH HIGH SHELTER EXPENSES.

(a) REMOVAL OF CAP.—The fourth sentence of section 5(e) of the Act (7 U.S.C. 2014(e)) is amended by striking ": *Provided*, That the amount" and all that follows through "June 30".

(b) TRANSITIONAL CAP.—Effective for the period beginning on the date of enactment of this Act through September 30, 1993, section 5(e), as amended by subsection (a), is amended by inserting after the fourth sentence "Such excess shelter expense deduction, in the twelve months ending September 30, 1991, shall not exceed $219 a month in the forty-eight contiguous States and the District of Columbia, and shall not exceed, in Alaska, Hawaii, Guam, and the Virgin Islands of the United States, $380, $312, $265, and $161 a month, respectively; in the twelve months ending September 30, 1992, shall not exceed $234 a month in the 48 contiguous States and the District of Columbia, and shall not exceed, in Alaska, Hawaii, Guam, and the Virgin Islands of the United States, $406, $333, $283, and $172 a month, respectively; and in the twelve months ending September 30, 1993, shall not exceed $283 a month in the 48 contiguous States and the District of Columbia, and shall not exceed, in Alaska, Hawaii, Guam, and the Virgin Islands of the United States, $491, $403, $343, and $208 a month, respectively.".

SEC. 1702. BASIC BENEFIT LEVEL.

Section 3(o) of the Act (7 U.S.C 2012(o)) is amended by striking "(4) through" and all that follows through the end of the subsection and inserting the following:

"(4) on October 1, 1990, adjust the cost of such diet to reflect 103 percent of the cost of the thrifty food plan in the preceding June, as determined by the Secretary, and round the result to the nearest lower dollar increment for each household size, (5) on October 1, 1991, adjust the cost of such diet to reflect 103 and one-third percent of the cost of the thrifty food plan in the preceding June (without regard to the adjustment made under clause (4)), as determined by the Secretary, and round the result to the nearest lower dollar increment for each household size, (6) on October 1, 1992, adjust the cost of such diet to reflect 103 and two-thirds percent of the cost of the thrifty food plan in the preceding June (without regard to any previous adjustments made under clauses (4) and (5)), as determined by the Secretary, and round the result to the nearest lower dollar increment for each household size, (7) on October 1, 1993, adjust the cost of such diet to reflect 104 percent of the cost of the thrifty food plan in the preceding June (without regard to any previous adjustments made under clauses (4), (5) and (6)), as determined by the Secretary, and round the result to the nearest lower dollar increment for each household size, and (8) on October 1, 1994, and on every October 1 thereafter, adjust the cost of such diet to reflect 105 percent of the cost of the thrifty food plan in the preceding June, (without regard to any previous adjustments made under clauses (4), (5), (6), (7) or this clause) as determined by the Secretary, and round the result to the nearest lower dollar increment for each household size: *Provided:* That, in adjusting the cost of such diet in Alaska and Hawaii to reflect the cost of the thrifty food plan in the preceding June, the Secretary shall, in any year in which the cost of the thrifty food plan in June is not available for Alaska and Hawaii, use the average cost of such plan in Alaska and Hawaii, respectively, for the six-month period ending in June, adjusted by a percentage equal to the average percentage difference, for all years in which the monthly cost of the thrifty food plan is available for Alaska and Hawaii, between the cost of such plan in June and the average of the monthly cost of such plan for the six-month period ending in June.".

SEC. 1703. CONTINUING BENEFITS TO ELIGIBLE HOUSEHOLDS.

Section 8(c)(2) of the Act (7 U.S.C. 2017(c)(2)) is amended in subparagraph (B) by inserting after "following any period" the phrase "of more than one month in".

SEC. 1704. EMERGENCY FOOD FOR DISASTER VICTIMS.

Section 5(h) of the Act (7 U.S.C. 2014(h)) is amended by adding at the end the following new paragraph:

"(3) The Secretary shall provide, by regulation, for emergency allotments to eligible households to replace food destroyed in a disaster; such regulations shall provide for replacement of the value of food actually lost up to a limit approved by the Secretary not greater than the applicable maximum monthly allotment for the household size. The Secretary shall adjust reporting and other application requirements to be consistent with what is practicable under actual conditions in the affected area. In making this adjustment, the Secretary shall consider the availability of the State agency's offices and personnel and any damage to or disruption of transportation and communication facilities.".

SEC. 1705. CLOTHING ALLOWANCES AND GENERAL ASSISTANCE VENDOR PAYMENTS.

(a) CLOTHING ALLOWANCES.—Section 5(d)(5) of the Act (7 U.S.C. 2014(d)(5)) is amended by inserting after "household" the following: "and any allowance a State agency provides no more frequently than annually to families with children on the occasion of those children's entering or returning to school or child care for the purpose of obtaining school clothes".

(b) GENERAL ASSISTANCE VENDOR PAYMENTS.—(1) Section 5(k)(1)(B) of the Act (7 U.S.C. 2014(k)(1)(B)) is amended to read as follows:

"(B) a benefit payable to the household for housing expenses, not including energy or utility-cost assistance, under—

"(i) a State or local general assistance program; or

"(ii) another basic assistance program comparable to general assistance (as determined by the Secretary).".

(2) Section 5(k)(2) of the Act (7 U.S.C. 2014(k)(2)) is amended—

(A) in subparagraph (G), by deleting "Secretary." and inserting "Secretary; or"; and

(B) by adding at the end thereof a new subparagraph:

"(H) assistance provided to a third party on behalf of a household under a State or local general assistance program, or another local basic assistance program comparable to general assistance (as determined by the Secretary), if, under State law, no assistance under such program may be provided directly to the household in the form of a cash payment.".

SEC. 1706. PARTICIPANTS IN DEMONSTRATION PROJECTS.

Section 17(b)(1) of the Act (7 U.S.C. 2026(b)(1)) is amended by inserting "(A)" after "(b)(1)" and adding at the end:

"(B) No waiver or demonstration program shall be approved under this Act after the date of enactment of the Food and Agricultural Resource Act of 1990 unless—

"(i) any household whose food assistance is issued in a form other than coupons has its allotment increased to the extent necessary to compensate for any State or local sales tax that may be collected in all or part of the area covered by the demonstration project or such tax is waived on purchases of food by any such household; and

"(ii) the State agency conducting such demonstration project pays the cost of such increased allotments, unless the Secretary determines on the basis of information provided by the State agency that such increase is unnecessary on the basis of the limited nature of the items subject to such State or local sales tax. The foregoing sentence shall not apply where the waiver or demonstration project already provides a household with assistance that exceeds that which the household would otherwise be eligible to receive by more than the estimated amount of any sales tax on the purchases of food that would be collected from the household in the project area in which the household resides.".

SEC. 1707. ALTERNATIVE METHOD OF ISSUANCE.

(a) ELECTRONIC BENEFIT TRANSFER.—Section 7 of the Act (7 U.S.C. 2016) is amended by adding at the end the following new subsection:

"(i)(1)(A) Any State agency may, with the approval of the Secretary, implement an on-line electronic benefit transfer system in which household benefits determined under section 8(a) are issued from and stored in a central data bank and electronically accessed by household members at the point-of-sale.

"(B) No State agency may implement or expand an electronic benefit transfer system without prior approval from the Secretary.

"(2) The Secretary shall issue final regulations effective no later than April 1, 1992 that establish standards for the approval of such a system. The standards shall include but not be limited to—

"(A) determining the cost-effectiveness of the system to ensure that its operational cost, including the pro-rata cost of capital expenditures, does not exceed, in any one year, the operational cost of issuance systems in use prior to the implementation of the on-line electronic benefit transfer system,

"(B) defining the required level of recipient protection regarding privacy, ease of use, and access to and service in retail food stores,

"(C) the terms and conditions of retailer and financial institution participation,

"(D) system security,

"(E) system transaction interchange, reliability and processing speeds,

"(F) financial accountability,

"(G) the required testing of system operations prior to implementation, and

"(H) the analysis of the results of system implementation in a limited project area prior to expansion.

"(3) In the case of systems described in paragraph (1) in which participation is not optional for households the Secretary shall not approve such a system unless—

"(A) a sufficient number of eligible retail food stores, including those stores able to serve minority language populations, have agreed to participate in the system throughout the area in which it will operate to ensure that eligible households will not suffer significant reduction in their choice of retail food stores or a significant increase in the cost of food or transportation to participating food stores; and

"(B) any special equipment necessary to allow households to purchase food with the benefits issued under this Act is operational at all registers or checkout lines in each participating store.

"(4) Administrative costs incurred in connection with activities under this subsection shall be eligible for reimbursement in accordance with section 16, subject to the limitations in section 16(g).".

(b) CONFORMING AND TECHNICAL AMENDMENT.—Section 17(f) of the Act (7 U.S.C. 2026(f)) is amended by striking "(f)(1)" and inserting "(f)".

SEC. 1708. IMPROVING ASSISTANCE TO THE HOMELESS.

(a) DEFINITION OF MEALS.—Section 3(g)(9) of the Act (7 U.S.C. 2012(g)(9)) is amended by striking "a public" and all that follows through the end and inserting "private establishments that contract with the appropriate agency of the State to offer meals for such persons at concessional prices.".

(b) CONFORMING CHANGE.—Section 11002(f) of the Homeless Eligibility Clarification Act (7 U.S.C. 2012 note) is amended in paragraph (3) by striking "subsection (b)" and inserting "subsections (a) and (b)".

SEC. 1709. REDUCED PAPERWORK FOR HOMELESS HOUSEHOLDS.

Section 11(e)(3)(E) of the Act (7 U.S.C. 2020(e)(3)(E)) is amended by inserting before the final semicolon the following:

". In certifying households in which all members are homeless individuals, the State agency shall calculate the excess shelter deduction provided in section 5(e) on the basis of reported expenses for shelter except where the household's report is questionable. Under rules prescribed by the Secretary, State agencies may develop standard estimates of the shelter and related expenses homeless households may reasonably be expected to incur and may certify households based on expenses that do not exceed this estimate.".

Subtitle B—Promoting Self-sufficiency

SEC. 1711. CHILD SUPPORT.

Section 5 of the Act (7 U.S.C. 2014), as amended by sections 1701, 1704, and 1705 of this Act, is further amended—

(1) in clause (13) of subsection (d)—

(A) by striking "at the option" and all that follows through "subsection (m)," and inserting "(A)"; and

(B) by adding at the end the following:

"and (B) the first $50 of any child support payments for such month received in that month, and the first $50 of child support payments for each prior month received in that month if such payments were made by the absent parent in the month when due,"; and

(2) by striking subsection (m).

SEC. 1712. LIMITATION ON RESOURCES.

(a) INCREASE IN LIMITS.—Section 5(g) of the Act (7 U.S.C. 2014(g)) is amended by—

(1) inserting "(1)" after "(g)";

(2) inserting "(2)" after the first sentence; and

(3) striking "$4,500" and inserting the following: "a level set by the Secretary, which shall be $4,500 through December 31, 1991, $4,750 from January 1, 1992, through September 30, 1992, $5,000 for fiscal year 1993, $5,250 for fiscal year 1994, and $5,500 for fiscal year 1995, and which shall be adjusted on October 1, 1995, and on each October 1 thereafter, to reflect changes in the index determined by the Secretary to be most reasonable".

(b) DEMONSTRATION PROJECTS.—Section 17 of the Act (7 U.S.C. 2026) is amended by adding at the end the following new subsection:

"(h) The Secretary shall conduct a sufficient number of demonstration projects to evaluate the effects, in both rural and urban areas, of counting the fair market value of licensed vehicles to the extent the value of each vehicle exceeds $4,500, but excluding the value of—

"(1) any licensed vehicle that is used to produce earned income, necessary for transportation of an elderly or physically disabled household member, or used as the household's home; and

"(2) one licensed vehicle used to obtain, continue, or seek employment (including travel to and from work), used to pursue employment-related education or training, or used to secure food or the benefits of the food stamp program.".

SEC. 1713. STATE OPTION TO REDUCE UNNECESSARY PAPERWORK.

Section 6(c) of the Act (7 U.S.C. 2015(c)) is amended—

(1) in paragraph (2)(C), by striking "forms approved by the Secretary" and inserting "State agency designed forms"; and

(2) in the first sentence of paragraph (3)—

(A) by striking ", in accordance with standards prescribed by the Secretary, they contain sufficient information to enable the State agency to determine household eligibility and allotment levels" and inserting "they contain the information relevant to eligibility and benefit determinations that is specified by the State agency".

SEC. 1714. COMBINED HOUSEHOLDS.

Section 6(d)(1) of the Act (7 U.S.C. 2015(d)(1)) is amended by inserting after the first sentence "The State agency shall allow the household to select an adult parent of children in the household as its head where all adult household members making application agree to such selection.".

SEC. 1715. EMPLOYMENT AND TRAINING PROGRAM EXPANSION.

(a) LITERACY TRAINING.—Section 6(d)(4)(B)(v) of the Act (7 U.S.C. 2015(d)(4)(B)(v)) is amended by inserting "and literacy," after "basic skills".

(b) EXPANDING STATE FLEXIBILITY.—Section 6(d)(4)(E) of the Act (7 U.S.C. 2015(d)(4)(E)) is amended by inserting at the end—"Through September 30, 1995, four States may, upon application to the Secretary, give priority in the provision of services to voluntary participants, including both exempt and non-exempt participants, but giving such priority shall not excuse the State from compliance with the performance standards issued under subparagraphs (K) and (L), and the Secretary may, at the Secretary's discretion, approve additional States' requests to give such priority if the Secretary reports to the Congress on the number and characteristics of voluntary participants under this authority and such other information as the Secretary determines to be appropriate.".

(c) PROGRAMS THAT FOCUS ON SELF-EMPLOYMENT OPPORTUNITIES.—(1) AUTHORIZATION FOR PROGRAMS.—Section 6(d)(4)(B) of the Act (7 U.S.C. 2015(d)(4)(B)) is amended—

(A) by redesignating clause (vi) as clause (vii); and

(B) by inserting after clause (v) the following new clause:

"(vi) Programs designed to increase the self-sufficiency of recipients through self-employment, including programs that provide instruction for self-employment ventures.".

(2) EXEMPTION FOR RESOURCES USED IN PROJECTS.—The third sentence of section 5(g) of the Act (7 U.S.C. 2014(g)), as amended by section 1712, is further amended by inserting before the period—"and non-liquid resources necessary to allow the household to carry out a plan for self-sufficiency approved by the State agency as constituting adequate participation in an employment and training program under section 6(d)(4)(B)(vi)".

(d) EXPENSES FOR JOB SEARCH AND OTHER EMPLOYMENT AND TRAINING ACTIVITIES.—(1) REIMBURSEMENTS TO PARTICIPANTS.—Section 6(d)(4)(I)(i)(I) of the Act (7 U.S.C. 2015(d)(4)(I)(i)(I)) is amended by striking "$25" and inserting "$75".

(2) REIMBURSEMENTS TO STATE AGENCIES.—Section 16(h)(3) of the Act (7 U.S.C. 2025(h)(3)) is amended by striking "$25" and all that follows through "dependent care costs)" and inserting "the payment made under section 6(d)(4)(I)(i)(I) but not more than $75 per participant per month.".

SEC. 1716. EMPLOYMENT AND TRAINING ALLOCATIONS.

(a) Section 16(h)(1) of the Act (7 U.S.C. 2025(h)(1)) is amended to read as follows:

"(h)(1)(A) The Secretary shall allocate among the State agencies in each fiscal year, from funds appropriated for such fiscal year under section 18(a)(1), the amount of $75,000,000 for each of the fiscal years 1991 through 1995 to carry out the employment and training program under section 6(d)(4), except as provided in paragraph (3), during such fiscal year.".

"(b) Section 16(h) of the Act (7 U.S.C. 2025(h)) is amended by adding at the end of paragraph (1) the following new subparagraphs:

"(B) The Secretary shall allocate among the States for fiscal years 1991 through 1995 that portion of funds required to be allocated under paragraph (A) that is not based on State agency performance based upon the ratio of the number of individuals eligible to register for work under section 6(d)(4) in each State divided by the total number of such persons in all States.

"(C) In addition to the funds required to be allocated under subparagraph (A), the Secretary shall allocate $10,000,000 for each of the fiscal years 1991 through 1995 among States that would have received in any such year, under the allocation formula utilized in fiscal year 1990, an amount of funds under subparagraph (A), other than funds based on State agency performance, that exceeds the amount that such States receive under the allocation formula required by subparagraph (B), in order to maintain the level of such nonperformance funding provided to such States at the levels provided in fiscal year 1990.".

SEC. 1717. HELPING LOW-INCOME STUDENTS ACHIEVE SELF-SUFFICIENCY.

(a) ELIGIBILITY FOR LOW-INCOME STUDENTS.—Section 6(e) of the Act (7 U.S.C. 2015(e)) is amended to read as follows:

"(e) No individual who is a member of a household otherwise eligible to participate in the food stamp program under this section shall be eligible to participate in the food stamp program as a member of that or any other household if that individual is enrolled at least half time in an institution of higher education unless such individual—

"(1) is under age 18 or is age 50 or older;

"(2) is not physically and mentally fit;

"(3) is assigned to or placed in an institution of higher education through or in compliance with the requirements of a program under the Job Training Partnership Act, an employment and training program under this section, a program under section 236 of the Trade Act of 1974 (19 U.S.C. 2296), or another program for the purpose of employment and training operated by a State;

"(4) is employed a minimum of 20 hours per week or participating in a State or federally financed work study program during the regular school year;

"(5) is a parent with responsibility for the care of a dependent child under age 6 or a parent with responsibility for the care of a dependent child above the age of 5 and under the age of 12 for whom adequate child care is not available to enable such individual to attend class and satisfy the requirements of paragraph (4);

"(6) is receiving aid to families with dependent children under part A of title IV of the Social Security Act;

"(7) is so enrolled as a result of participation in the work incentive program under title IV of the Social Security Act or its successor programs; or

"(8) is enrolled full-time in an institution of higher education, as determined by such institution, and is a single-parent with responsibility for the care of a dependent child under age 12.".

(b) TREATMENT OF EDUCATIONAL EXPENSES.—Section 5(d) of the Act (7 U.S.C. 2014(d)), as amended by sections 1705 and 1711, is further amended—

(1) in paragraph (3)—

(A) by inserting "(A)" after "the like", and

(B) by striking "at an institution" and all that follows through "handicapped, and", and inserting the following: "(including the rental or purchase of any equipment, materials, and supplies required to pursue the course of study involved) at a recognized institution of post-secondary edu-

cation, at a school for the handicapped, in a vocational education program, or in a program that provides for completion of a secondary school diploma or obtaining the equivalent thereof, (B) to the extent that they do not exceed the amount made available as an allowance determined by such school, institution, or program, for books, supplies, transportation, and other miscellaneous personal expenses (other than living expenses), of the student incidental to attending such school, institution, or program, and (C)";

(2) in the proviso to clause (5)—

(A) by inserting "and" after "1988),";

(B) by striking "non-Federal"; and

(C) by striking "and no portion of any Federal" and all that follows through "mandatory school fees,"; and

(3) in paragraph 7—

(A) by striking "a student" and inserting "an elementary or secondary student"; and

(B) by striking "his eighteenth birthday" and inserting "the age of nineteen".

(c) CLARIFYING AND TECHNICAL AMENDMENT.—Section 5(e) of the Act (7 U.S.C. 2014(e)), as amended by section 1701, is further amended in the fourth sentence by inserting after "third party" the phrase: ", amounts made available and excluded for such expenses under subsection (d)(3),".

SEC. 1718. FAMILIES IN TRANSITIONAL HOUSING.

Section 5(k)(2)(F) of the Act (7 U.S.C. 2014(k)(2)(F)), is amended to read as follows:

"(F) housing assistance payments made to a third party on behalf of a household residing in transitional housing for the homeless in an amount equal to 50 percent of the maximum shelter allowance provided to families not residing in such transitional housing under the States' plan for aid to families with dependent children approved under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.); or".

Subtitle C—Simplifying Program Administration

SEC. 1721. RELATIVES LIVING TOGETHER.

The first sentence of section 3(i) of the Act (7 U.S.C. 2012(i)) is amended—

(1) by striking "(2)" and inserting "or (2)";

(2) by striking ", or (3) a parent of minor children and that parent's children" and all that follows through "parents and children, or siblings," and inserting ". Parents and their minor children who live together and spouses"; and

(3) by striking ", unless one of" and all that follows through "disabled member".

SEC. 1722. AFDC/FOOD STAMP SIMPLIFICATION

Section 17 of the Act (7 U.S.C. 2026), as amended by sections 1706, 1707, and 1712, is amended by adding at the end the following new subsection:

"(i)(1) The Secretary shall conduct 5 demonstration projects, in both urban and rural areas, under which households in which each member receives benefits under a State plan approved under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.) (hereafter in this subsection referred to as 'eligible households') shall be issued monthly allotments following the rules and procedures of programs under part A of title IV of the Social Security Act, and without regard to the eligibility, benefit, and administrative rules established under this Act other than those terms and conditions specified under this subsection or established by the Secretary to ensure program integrity.

"(2) In carrying out such demonstration projects, the Secretary shall ensure that—

"(A) The provisions of sections 6(b), 6(d)(2), and 11(e)(1)(B), (3), (4), and (9), the first sentence of section 6(c), the third sentence of section 3(i), and all applicable provisions of this Act dealing with the treatment of homeless and migrant and seasonal farm worker households shall apply.

"(B) Assistance under the food stamp program shall be furnished to all eligible households who make application for assistance by providing any information that is needed by the State agency to determine the correct monthly allotment and that has not been provided as part of the household's application for assistance under part A of title IV of the Social Security Act.

"(C) Eligible households' monthly allotments shall be calculated under the provisions of section 8(a), except that a household's income shall be determined in accordance with subparagraphs (D) and (E) of this paragraph. Such allotments shall be provided retroactive to the date of application.

"(D) For purposes of determining monthly allotments under this subsection, household income shall be the benefit provided under part A of title IV of the Social Security Act and the amount used to determine the household's benefit under such part (not including any amount disregarded for dependent care expenses), except that such amount shall be calculated without regard to the provisions of section 402(a)(7)(C) of such Act (42 U.S.C. 602(a)(7)(C)) and shall not include nonrecurring lump-sum income and income deemed or allocated to the household under provisions of such part.

"(E) In computing household income for purposes of determining monthly allotments, all eligible households shall be allowed the standard, earned income, excess shelter, and medical expense deductions provided under section 5(e) in lieu of any earned income disregards provided under section 402(a)(8) of the Social Security Act (42 U.S.C. 602(a)(8)). Alternatively, the Secretary may approve demonstration projects under which households without earned income are allowed such standard, excess shelter, and medical expense deductions, and household income for households with earned income is computed using the earned income disregards provided under section 402(a)(8) of the Social Security Act to the extent that the Secretary determines they are consistent with the purposes of the demonstration projects required under this subsection.

"(F) Uninterrupted food stamp assistance shall be provided to households who become ineligible to receive such assistance under this subsection but are determined otherwise eligible for food stamp assistance and to households receiving food stamp assistance other than under this subsection who are determined eligible under this subsection.

"(G) Any other requirements and administrative procedures equivalent to those applicable under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.) may be used in implementing the demonstration projects required under this subsection, if the Secretary determines that such requirements or procedures further the purposes of this subsection and do not undermine program integrity.

"(3) Demonstration projects established under this subsection may be carried out during the period beginning October 1, 1990, and ending September 30, 1994. In establishing such projects, the Secretary shall solicit proposals from, and consult with, interested State and local agencies and shall consult with the Secretary of Health and Human Services on waivers of Federal rules under part A of title IV of the Social Security Act that would assist in carrying out the projects required under this subsection.

"(4) No later than March 1, 1995, the General Accounting Office and the Secretary shall submit reports to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate evaluating the results of the demonstration projects established under this subsection, including evaluations of the effects on recipients and administrators.".

SEC. 1723. SIMPLIFYING RESOURCE AND ELIGIBILITY DETERMINATIONS.

Section 5 of the Act (7 U.S.C. 2014), as amended by sections 1701, 1704, 1705, 1711, 1712, 1715, 1717, and 1718, is further amended—

(1) in subsection (g) by adding at the end the following new sentence: "The Secretary shall promulgate rules by which State agencies shall develop standards for identifying kinds of resources that, as a practical matter, the household is unlikely to be able to sell for any significant return because the household's interest is so slight or because the cost of selling the household's interest would be so great. Resources so identified shall be excluded as inaccessible resources."; and

(2) in subsection (j)—

(A) by striking "a household in which all members of the household receive" and inserting "the resources of a household member who receives supplemental security income benefits under title XVI of the Social Security Act (42 U.S.C. 1382 et. seq.) or who receives"; and

(B) by striking "have satisfied the resource limitations prescribed under subsection (g)" and inserting "be exempt for purposes of satisfying the resource limitations prescribed under subsection (g) of this section if such resources are considered exempt for purposes of such title".

SEC. 1724. SIMPLIFIED APPLICATION SIGNING REQUIREMENTS.

Section 11(e)(2) of the Act (7 U.S.C. 2020(e)(2)), is amended by striking "One adult member of a household that is applying for a coupon allotment shall be required to certify in writing, under penalty of perjury, the truth of the information contained in the application for the allotment." and inserting "The State agency shall require that an adult representative of each household that is applying for food stamp benefits shall certify in writing, under penalty of perjury, that the information contained in the application is true and that all members of the household are either citizens or are aliens eligible to receive food stamps under section 6(f). The signature of such adult under this section shall be deemed sufficient to comply with any provision of Federal law requiring household members to sign the application or statements in connection with the application process.".

SEC. 1725. CATEGORICAL ELIGIBILITY FOR RECIPIENTS OF STATE GENERAL ASSISTANCE.

Section 5(a) of the Act (7 U.S.C. 2014(a)) is amended in the second sentence—

(1) by striking "or aid" and inserting "aid"; and

(2) by inserting before "shall be eligible" the following: "or a State general assistance program that the Secretary certifies serves a population appropriate to be categorically eligible for assistance under this Act,".

SEC. 1726. FRAUD CLAIMS REPAYMENT.

Section 13(b)(1)(A) of the Act (7 U.S.C. 2022(b)(1)(A)) is amended by striking "thirty" in the last sentence and inserting "10".

SEC. 1727. COMMISSION ON COORDINATION OF FAMILY SUPPORT AND FOOD STAMP POLICIES.

(a) APPOINTMENT AND MEMBERSHIP OF COMMISSION.—There is hereby established a Commission on the Coordination of Family Support and Food Stamp Policies (hereafter in this section referred to as the "Commission"), consisting of 15 members as follows:

(1) The Secretary of Health and Human Services.

(2) The Secretary of Agriculture.

(3) Two Members of the Senate, one selected by the Majority Leader of the Senate and the other by the Minority Leader of the Senate.

(4) Two Members of the House of Representatives, one selected by the Speaker of the House and the other by the Minority Leader of the House.

(5) Two State Governors, one selected jointly by the Speaker of the House and the Majority Leader of the Senate and the other selected jointly by the Minority Leader of the House and the Minority Leader of the Senate.

(6) Seven other members, including State and local officials responsible for administering the family support and food stamp programs, representatives of welfare advocacy organizations, and individuals with demonstrated expertise in welfare policy, to be selected jointly by the Speaker of the House and the Majority Leader of the Senate in consultation with the Minority Leader of the House and the Minority Leader of the Senate.

(b) PURPOSE.—It shall be the purpose of the Commission—

(1) to study and consider the policies and definitions being implemented or used (under law or administrative practice) in the administration of the family support program under part A of title IV of the Social Security Act and the food stamp program under the Act;

(2) to identify the policies and definitions being implemented or used under each such program that are inconsistent or in conflict with those being implemented or used under the other and to identify those policies and practices implemented or used under each program that result in barriers to the participation of needy persons in those programs; and

(3) to make recommendations for developing common policies and definitions for use under both programs that would eliminate such inconsistency, conflict and barriers to participation to the maximum extent possible in a manner consistent with the protective purposes of the programs.

(c) REPORT.—The Commission shall submit to the President and the Congress within one year after the date of the enactment of this Act a full and complete report on its study under this section, including its recommendations for such legislative, administrative, and other actions as may be considered appropriate.

(d) AUTHORIZATION OF FUNDS.—There are authorized to be appropriated such sums as may be necessary to carry out this section.

SEC. 1728. DEPENDENT CARE EXPENSES.

(a) INCREASE IN AMOUNT.—Section 5(e) of the Act (7 U.S.C. 2014(e)), as amended by sections 1701 and 1717 is amended in clause (1) of the fourth sentence—

(1) by striking "$160 a month for each dependent" and inserting "$200 a month for each dependent child under age 2 and $175 a month for each other dependent"; and

(2) by striking ", regardless of the dependent's age,"

(b) MAXIMUM.—(1) Section 6(d)(4)(I)(i)(II) of the Act (7 U.S.C. 2015(d)(4)(I)(i)(II)) is amended by striking "reimbursements exceed $160" and all that follows through the end and inserting "reimbursements exceed the applicable local market rate as determined by procedures consistent with any such determination under the Social Security Act. Individuals subject to the program under this paragraph may not be required to participate if dependent care costs exceed the limit established by the State agency under this paragraph (which limit shall not be less than the limit for the dependent care deduction under section 5(e))."

(2) Section 16(h)(3) of the Act (7 U.S.C. 2025(h)(3)), as amended by section 1715, is further amended by striking "representing $160 per month per dependent" and inserting "equal to the payment made under section 6(d)(4)(I)(i)(II) but not more than the applicable local market rate".

SEC. 1729. STATE FLEXIBILITY IN BUDGETING METHODS.

(a) BUDGETING INCOME AND PROMPT ADJUSTMENT OF BENEFITS.—Section 5(f) of the Act (7 U.S.C. 2014(f)) is amended—

(1) by striking paragraph (2) and inserting the following:

"(2)(A) Except as provided in subparagraphs (B), (C), and (D), households shall have their incomes calculated on a prospective basis, as provided in paragraph (3)(A), or, at the option of the State agency, on a retrospective basis, as provided in paragraph (3)(B).

"(B) In the case of the first month, or at the option of the State, the first and second months in a continuous period in which a household is certified, the State agency shall determine eligibility and the amount of benefits on the basis of the household's income and other relevant circumstances in such period.

"(C) Households specified in section 6(c)(1)(A)(i), (ii), and (iii) shall have their income calculated on a prospective basis, as provided in paragraph (3)(A).

"(D) Except as provided in subparagraph (B), households required to submit monthly reports of their income and household circumstances under section 6(c)(1) shall have their income calculated on a retrospective basis, as provided in paragraph (3)(B)."; and

(2) in paragraph (3)(B)—

(A) by inserting "(i)" after the subparagraph designation;

(B) by striking the last sentence and inserting the following sentence: "No household shall have its food stamp allotment for any month based upon income received in two or more separate months under titles IV or XVI of the Social Security Act or a state or local general assistance program."; and

(C) by adding at the end the following new clause:

"(ii) The State shall establish and implement a procedure for the prompt adjustment of benefits for households suffering a severe hardship. This procedure shall provide that households not required to submit monthly reports of their income and circumstances under section 6(c)(1), whose income is calculated on a retrospective basis, as provided in this subparagraph, and who report (I) an increase in household size, (II) a decrease of $50 or more in household income not excluded under subsection 5(d), or (III) an increase of $50 or more in shelter costs, dependent care costs, or medical costs, shall receive benefits that reflect the reported change not later than the first monthly allotment issued to the household 10 or more days after the report of the change. If the first monthly allotment issued to the household after the report of the change is scheduled to be issued less than 10 days after the report of the change, a supplementary allotment shall be issued not later than the tenth day of the month following the report of the change.".

(b) MINIMUM CERTIFICATION PERIOD.—Section 3(c)(2) of the Act (7 U.S.C. 2012(c)(2)) is amended by inserting after "persons, or" the following: "(except in the case of households in which all members are homeless individuals)".

(c)(1) EFFECTIVE DATE OF STATE OPTIONS.—The amendments made by subsection (a)(1) of this section shall be effective on October 1, 1990.

(2) EFFECTIVE DATE OF NEW REQUIREMENTS.—The amendments made by subsection (a)(2) and subsection (b) of this section shall be effective on October 1, 1990, except that no State agency shall be required to implement such amendments prior to the first day of the first month beginning at least 120 days after the date of enactment of this Act.

(3) STATES IMPLEMENTING PRIOR LAW.—Any errors committed in cases as a result of a State agency's good faith implementation of the provisions of law amended by subsection (a)(1) shall be disregarded under section 16(c) of the Act (7 U.S.C. 2025(c)) for purposes of establishing any error rate under such subsection for the period between October 1, 1990, and the first day of the first month beginning at least 120 days after the date of enactment of this Act.

SEC. 1730. ENHANCED WAIVER AUTHORITY FOR DEMONSTRATION PROJECTS.

Section 17(b) of the Act (7 U.S.C. 2026(b)) is amended by—

(1) in the second sentence of paragraph (1), inserting after "eligible households" the following: "or a project authorized under paragraph (3) of this subsection";

(2) inserting at the end a new paragraph (3) to read as follows:

"(3)(A) The Secretary may conduct demonstration projects to test improved consistency or coordination between the food stamp employment and training program and the Job Opportunities and Basic Skills program under title IV of the Social Security Act. Notwithstanding paragraph (1), the Secretary may, as part of a project authorized under this paragraph, waive requirements under section 6(d) to permit a State to operate an employment and training program for food stamp recipients on the same terms and conditions under which the State operates its Job Opportunities and Basic Skills program for recipients of aid to families with dependent children under part F of title IV of the Social Security Act, and any work experience program conducted as part of such project shall be conducted in conformity with section 482(f) of part F of title IV of such Act. A State seeking such a waiver shall provide assurances that the resulting employment and training program shall meet the requirements of sections 402(a)(19) and 402(g) of part A of title IV of the Social Security Act (but not including the provision of transitional benefits under sections 402(g)(1)(A) (ii) through (vii)) and sections 481-487 of part F of title IV of such Act, and each reference to 'aid to families with dependent children' in those sections shall be deemed to be a reference to food stamps for purposes of the demonstration project. Notwithstanding the other provisions of this paragraph, participation in an employment and training activity in which food stamp benefits are converted to cash shall occur only with the consent of the participant.

"(B) For the purposes of any project conducted under this paragraph, the provisions of this Act affecting the rights of recipients may be waived to the extent necessary to conform to the provisions of section 402 of part A and sections 481-487 of part F of title IV of the Social Security Act. At least 60 days prior to granting final approval of a project under this paragraph, the Secretary shall publish the terms and conditions for any demonstration project conducted under the paragraph for public comment in the Federal Register and shall notify the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate. Waivers may be granted under this paragraph to conduct projects at any one time in a total of up to 60 project areas (or parts of project areas), as such areas are defined in regulations in effect on January 1, 1990.

"(C) A waiver for a change in program rules may be granted under this paragraph only for a demonstration project that has been approved by the Secretary, is being evaluated by the Secretary, and that will be in operation for no more than 4 years.".

Subtitle D—Hunger in Rural America

SEC. 1731. SIMPLIFIED ISSUANCE PROCEDURES IN RURAL AREAS.

Section 11(e) of the Act (7 U.S.C. 2020(e)), as amended by sections 1709 and 1724 of this Act, is further amended—

(1) in paragraph (23) by striking the final "and";

(2) in paragraph (24) by striking the period and inserting "; and" ; and

(3) by adding at the end the following new paragraph:

"(25) a procedure for designating project areas or parts of project areas that are rural and in which low-income persons face substantial difficulties in obtaining transportation. The State agency shall designate such areas according to procedures approved by the Secretary, and in each area so designated the State agency shall provide for the issuance of coupons by mail to all eligible households in any such area, except that any household with mail losses exceeding levels established by the Secretary shall not be entitled to such a mailing and the State agency shall not be required to issue coupons by mail in those local-

ities within such area where the mail loss rates exceed standards set by the Secretary.".

SEC. 1732. FLEXIBILITY FOR STATE INFORMATIONAL ACTIVITIES.

(a) OPTIONAL INFORMATIONAL ACTIVITIES.—Section 11(e)(1)(A) of the Act (7 U.S.C. 2020(e)(1)(A)) is amended by inserting "(including those activities allowed under regulations issued under this Act in effect on June 1, 1981)" after "stamp program".

(b) ADMINISTRATIVE COSTS.—Section 16(a)(4) of the Act (7 U.S.C. 2025(a)(4)) is amended by inserting "and assistance to households" after "informational activities".

SEC. 1733. VEHICLES NECESSARY TO CARRY FUEL OR WATER.

Section 5(g) of the Act (7 U.S.C. 2014(g)), as amended by sections 1712, 1715, and 1723, is amended by adding at the end "The Secretary shall exclude from financial resources the value of a vehicle that a household depends upon to carry fuel for heating or water for home use when such transported fuel or water is the primary source of fuel or water for the household.".

SEC. 1734. GRANTS TO IMPROVE FOOD STAMP PARTICIPATION OF RURAL AMERICANS, MINORITIES, ELDERLY AND HOMELESS.

(a) Section 17 of the Act (7 U.S.C. 2020), as amended by sections 1706, 1707, 1712, and 1722, is amended by adding at the end the following new subsection:

"(j)(1)(A) Of sums appropriated pursuant to section 18, $5,000,000 for each of the fiscal years 1992 through 1995 shall, except as provided under paragraph (3)(E), be used by the Secretary to fund food stamp outreach demonstration projects (hereafter in this subsection referred to as the 'projects') and related evaluations in areas of the United States to increase participation by eligible low income households in the food stamp program through grants competitively awarded to public or private nonprofit organizations. Such funds shall be used in the year during which they are appropriated. No more than 20 percent of the funds specified in this paragraph shall be used for evaluations.

"(B) The Secretary shall make a grant under this paragraph only to an entity that demonstrates to the Secretary that such entity is able to conduct the outreach functions described in this subsection.

"(2) Outreach projects under this subsection shall be targeted toward members of rural, elderly, and homeless populations, low-income working families with children, and non-English speaking minorities. (Hereafter in this subsection, such groups shall be referred to as 'target populations'.)

"(3)(A) The Secretary shall appoint an advisory panel (hereafter in this subsection referred to as the 'panel') composed of representatives of the target populations as well as individuals with expertise in the area of program evaluation. The panel shall not be subject to the provisions of the Federal Advisory Committee Act (5 U.S.C. App.).

"(B) The Secretary shall select recipients for grants, taking into consideration any recommendations from the panel concerning criteria that should be used in selecting recipients, to carry out projects under this subsection based upon the appropriateness of the methods proposed for such projects to reach target populations. Appropriate methods shall include, but not be limited to—

"(i) the production of electronic media campaigns (with the total amount allocated for such campaigns in the aggregate not to exceed 15 percent of the total amount of funds specified in paragraph (1)(A));

"(ii) utilization of local outreach workers and volunteers;

"(iii) development of solutions to transportation and access problems;

"(iv) in-service training for those capable of referring households to the program;

"(v) community presentations and education;

"(vi) pre-screening assistance for program eligibility;

"(vii) individualized client assistance;

"(viii) consultation and referral for benefit appeals; and

"(ix) recruitment of authorized representatives for applicants unable to appear for certification or at authorized food stores.

"(C) In selecting grant recipients, the Secretary shall take into consideration the ability of the applicants to produce useful data for evaluation purposes.

"(D) In selecting grant recipients from among applicant public agencies, preference shall be given to those applicants that propose to involve nonprofit organizations in projects to be carried out with such grants.

"(E) At least one grant shall be provided for the development of outreach materials aimed at the general food stamp eligible population as well as the specific target

populations, including written materials and public service announcements, so that such materials may be used or adopted by other grant recipients, as appropriate. In awarding any such grant, the Secretary shall require applicants to provide matching funds equal to 50 percent and shall give preference to applicants that demonstrate the ability to disseminate such materials through other public and private non-profit organizations. Not to exceed $500,000 of the funds provided under this subsection for any fiscal year shall be used for such grant.

"(4)(A) The Secretary shall evaluate a sufficient number of projects to be able to determine the effectiveness of such projects and the techniques employed by such projects with respect to—

"(i) success in reducing barriers to participation,

"(ii) increasing overall program participation including participation among target populations;

"(iii) administrative effectiveness;

"(iv) program efficiency; and

"(v) adequacy of administrative resource levels to conduct such activities effectively.

"(B) The Secretary shall also examine and report on previous research regarding reasons for non-participation and effective methods to conduct outreach and to reduce barriers to participation. The Secretary shall provide an interim report on the results of the evaluation carried out under this paragraph to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate no later than February 1, 1993, and a final report no later than February 1, 1995.

"(5) The Secretary shall—

"(A) within 180 days after the date of the enactment of this subsection, publish such notice as may be necessary to implement this subsection;

"(B) accept proposals from organizations for projects under this subsection for fiscal year 1992 for 90 days following the date such notice is published; and

"(C) begin to award grants under this subsection beginning no later than January 1, 1992.".

(b) Of sums appropriated pursuant to section 18 of the Food Stamp Act of 1977 (7 U.S.C. 2027), not to exceed $1,000,000 in fiscal year 1991 may be used by the Secretary of Agriculture to make grants to public or private nonprofit organizations or agencies, in one or more areas of the United States, that have projects designed to improve the effectiveness of the food stamp program in delivering food assistance to homeless individuals.

Subtitle E—Promoting Access for the Elderly and Disabled

SEC. 1741. CLARIFYING AMENDMENT CONCERNING SIMPLIFIED PROCEDURE FOR CLAIMING EXCESS MEDICAL DEDUCTION.

Section 5(e) of the Act (7 U.S.C. 2014(e)), as amended by sections 1701, 1717, and 1728, is further amended by inserting before the final period "and shall not require further verification of a change in medical expenses if such change has been anticipated by the State agency for the certification period".

SEC. 1742. VALUE OF MINIMUM BENEFIT.

Section 8(a) of the Act (7 U.S.C. 2017(a)) is amended by inserting before the final period ", and shall be adjusted on each October 1 to reflect the percentage change in the thrifty food plan without regard to the adjustments under section 3(o) for the 12 month period ending the preceding June, with the result rounded to the nearest $5".

SEC. 1743. PROCEDURES FOR ISSUING AGGREGATE ALLOTMENTS.

(a) OPTIONAL PROCEDURE.—Section 8(a) of the Act (7 U.S.C. 2017(a)), as amended by section 1742, is further amended—

(1) by inserting "(1)" after "(a)"; and

(2) by adding the following new paragraph:

"(2) State agencies may establish procedures that allow households whose regular food stamp benefits do not exceed $20, at their option, to receive, in lieu of their food stamp benefits for the initial period under subsection (c) and their regular allotment in following months, and at intervals of up to three months thereafter, aggregate allotments not to exceed $60 and covering not more than three months' benefits, which shall be provided in accordance with sections 11(e)(3) and (9) (except

that no household shall begin to receive combined allotments under this section until it has complied with all applicable verification requirements of section 11(e)(3)) and (with respect to the first aggregate allotment so issued) within forty days of the last coupon issuance.".

(b) COLLECTION OF IMPROPERLY ISSUED BENEFITS.—Section 13(b)(1)(B) of the Act (7 U.S.C. 2022(b)(1)(B)) is amended by adding at the end "The State agency shall establish a claim for the amount of any benefits issued under section 8(a)(2) for which the household becomes ineligible.".

SEC. 1744. APPLICANTS FOR SUPPLEMENTAL SECURITY INCOME.

Section 11(j)(1) of the Act (7 U.S.C. 2020(j)(1)) is amended by inserting "supplemental security income or" after "recipient of".

SEC. 1745. ASSET LIMITS FOR THE DISABLED.

Section 5(g) of the Act (7 U.S.C. 2014(g)), as amended by sections 1712, 1715, 1723, and 1733, is amended by striking in the first sentence "a member who is 60 years of age or older," and inserting "an elderly or disabled member,".

SEC. 1746. EXTENSION OF PILOT PROJECTS.

Section 17(b)(1) of the Act (7 U.S.C. 2026(b)(1)) is amended by striking "1990" and inserting "1995".

Subtitle F—Program Administration by State Agencies

SEC. 1751. QUALITY CONTROL SANCTIONS WITH RESPECT TO DISALLOWANCES BEFORE FISCAL YEAR 1991.

No disallowance or other similar action shall be applied to any State for any fiscal year before fiscal year 1991 under section 16(c) of the Act (7 U.S.C. 2025(c)) or any predecessor statutory or regulatory provision relating to disallowances for erroneous issuances made in carrying out a State plan under the Act.

SEC. 1752. FOOD STAMP AUTOMATION.

(a) AMENDMENT TO THE ACT.—The Act (7 U.S.C. 2011 et seq.) is amended by adding the following new section:

"AUTOMATION

"SEC. 23. (a) STANDARDS AND PROCEDURES FOR REVIEWS.—(1) INITIAL REVIEWS.—(A) IN GENERAL.—The Secretary shall develop by October 1, 1992, standards for initial approval of automated data processing and information retrieval systems for State agencies and shall further develop written procedures for conducting initial approval reviews for systems described in section 16(g). Such standards shall take into consideration the state of the art in automation technology and those elements identified in section 11(o).

"(B) DEADLINE FOR NEW SUBMISSIONS.—Advance planning documents submitted by State agencies and approved by the Secretary after October 1, 1992, must meet the standards for initial approval required pursuant to subparagraph (A).

"(C) DEADLINE FOR MODIFICATIONS.—Modifications or amendments, submitted after October 1, 1992, to advance planning documents must meet the standards for initial approval required pursuant to subparagraph (A) regardless of when the original advance planning document was submitted to the Secretary for approval.

"(2) DEADLINE FOR STATEWIDE OPERATION.—The deadline for statewide operation of such systems for a State is the earlier of—

"(A) September 30, 1994, or

"(B) the last day of the sixth month following the date specified for operation of such systems in the State's most recently approved advanced planning document submitted before the date of the enactment of this section.

"(3) CONTINUED APPROVAL.—The Secretary shall develop by October 1, 1992, a set of performance standards for continued systems approval and shall further develop procedures for conducting reapproval reviews, including specific criteria for reassessing systems operations no less often than every 2 years to insure that all such performance standards and other requirements are met on a continuous basis.

"(4) CONDITIONS.—In order to receive payments under section 16(g), and not be subject to a penalty pursuant to section 11(g), a State system must be initially approved by the Secretary in accordance with the standards and procedures under paragraph (1), be operational on or before the deadline established under paragraph (2), and, in the fiscal year subsequent to initial approval and continuously thereafter, meet the performance requirements prescribed by the Secretary.

"(b) REVIEW PROCESS.—The Secretary, with respect to State automation systems, shall—

"(1) provide that reviews for reapproval, conducted before October 1, 1994, shall be for the purpose of developing a systems performance data base and assisting State agencies to improve their systems;

"(2) insure that review procedures, performance standards, and other requirements developed under subsection (a) are sufficiently flexible to allow for differing administrative needs among the State agencies, and that such procedures, standards, and requirements are of a nature that will permit their use by State agencies for self-evaluation;

"(3) notify all State agencies of proposed procedures, standards, and other requirements at least 2 quarters prior to the fiscal year in which such procedures, standards, and other requirements will be used for conducting reviews for reapproval;

"(4) provide technical assistance to State agencies in the development and improvement of the systems so as to continually improve the capacity of such systems;

"(5) develop and disseminate clear definitions of those types of reasonable costs relating to State systems that are reimbursable under the provisions of section 16;

"(6) allow State agencies the option of contracting with private vendors for the development or operation of approved systems; and

"(7) report on or before October 1, 1993, to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate on the extent to which State agencies have developed and are operating effective systems.

"(c) WAIVER.—(1) GRANTING.—The Secretary may waive some or all of the provisions of this section with respect to the operation and approval of automated food stamp program and information retrieval systems with respect to any State that—

"(A) has a 1988 population (as reported by the Bureau of the Census) of less than one million and made total expenditures (including Federal reimbursement) for which Federal financial participation is authorized under this Act of less than $25 million in federal fiscal year 1989 (as reported by such State agency for such year), or

"(B) reasonably demonstrates that the application of such provision, in whole or in part, would not significantly improve the efficiency of the administration of such State agency's plan under this Act.

"(2) WITHDRAWAL.—If the Secretary determines that the application of the provisions of this section, other than this subsection, to a State agency would significantly improve the efficiency of the administration of the State agency's plan under this Act, the Secretary may withdraw the State agency's waiver under paragraph (1) and shall impose a timetable for such State agency with respect to compliance with the provisions of subsection (a).

"(d) GOOD CAUSE WAIVER.—The Secretary may waive requirements under this section if the Secretary determines that a State agency is unable to comply for good cause. Any such waiver shall be subject to review no less frequently than once every 2 years.

"(e) COST SHARING.—The Secretary shall pay each State agency with an approved system an amount greater than 50 percent but not in excess of 75 percent of the operational cost of such system for any year following the fiscal year in which the Secretary determines that such State agency is operating a significantly more effective and efficient program. The total of such payments shall equal $25,000,000 in fiscal year 1994 and $30,000,000 in fiscal year 1995.".

(b) CONFORMING AMENDMENT.—Section 11(g) of the Act (7 U.S.C. 2020(g)) is amended in the first sentence by inserting after "section 16(b)(1)" the following:"or the requirements established pursuant to section 23".

Subtitle G—Program Integrity

SEC. 1761. AUTHORIZATION OF WHOLESALE FOOD CONCERNS.

Section 9(b)(1) of the Act (7 U.S.C. 2018(b)(1)) is amended by inserting after the first sentence "No combined wholesale and retail food concern may be authorized to accept and redeem coupons as a retail food store unless—

"(A) it does a substantial level of retail food business, or

"(B) the Secretary determines that failure to authorize such a food concern as a retail food store would cause hardship to food stamp households.".

SEC. 1762. REQUIRED SUBMISSION OF SOCIAL SECURITY NUMBERS AND TAXPAYER IDENTIFYING NUMBERS OF RETAIL FOOD STORES AND WHOLESALE FOOD CONCERNS.

Section 9(c) of the Act (7 U.S.C. 2018(c)) is amended by amending the first sentence to read as follows: "Regulations issued pursuant to this Act shall require an applicant retail food store or wholesale food concern—

"(1) To submit to the Secretary information that will permit a determination to be made as to whether such applicant qualifies, or continues to qualify, for approval under the provisions of this Act or the regulations issued pursuant to this Act.

"(2) To submit to the Secretary the social security numbers of the officers and on-site managers of such applicant and, in the case of a privately owned applicant, provide the social security numbers of the owners of such applicant.

"(3) And each approved retail food store or wholesale food concern, to submit to the Secretary the taxpayer identification number applicable under the Internal Revenue Code of 1986 to such store or concern.".

SEC. 1763. BIENNIAL REAUTHORIZATION OF RETAIL FOOD STORES.

Section 9(a) of the Act (7 U.S.C. 2018(a)) is amended by—

(1) inserting "(1)" immediately after the subsection designation; and

(2) adding at the end the following new paragraph:

"(2) The Secretary is authorized to issue regulations providing for a biennial reauthorization of retail food stores and wholesale food concerns.".

SEC. 1764. PER-VIOLATION CIVIL MONEY PENALTY FOR COUPON TRAFFICKING AND PERMANENT DISQUALIFICATION FOR CERTAIN ABUSES.

Section 12(b)(3) of the Act (7 U.S.C. 2021(b)(3)(B)) is amended—

(1) striking, in subparagraph (A), "or";

(2) striking, in subparagraph (B), the period at the end;

(3) in subparagraph (B) by inserting "for each violation" after "$20,000"; and

(4) adding the following new subparagraph:

"(C) a finding of the sale for coupons of firearms, ammunition, explosives, or controlled substances (as such term is defined in title II, section 102 of the Comprehensive Drug Abuse Prevention and Control Act of 1970 (21 U.S.C. 802)).".

SEC. 1765. FINES FOR RETAIL FOOD STORES AND WHOLESALE FOOD CONCERNS THAT ACCEPT LOOSE COUPONS.

Section 12(e) of the Act (7 U.S.C. 2021(e)) is amended by adding at the end the following new paragraph:

"(3) The Secretary may impose a fine against any retail food store or wholesale food concern that accepts food coupons that are not accompanied by the corresponding book cover, other than the denomination of coupons used for making change as specified in regulations promulgated under this Act. The amount of any such fine shall be established by the Secretary and may be assessed and collected in accordance with regulations promulgated under this Act in combination with any fiscal claim established by the Secretary. The Attorney General of the United States may institute judicial action in any court of competent jurisdiction against such store or concern to collect such fine.".

SEC. 1766. FINES FOR UNAUTHORIZED THIRD PARTIES THAT ACCEPT FOOD STAMPS.

Section 12 of the Act (7 U.S.C. 2021) is amended by adding at the end the following new subsection:

"(f) The Secretary may impose a fine against any person not approved by the Secretary to accept and redeem food coupons who violates any provision of this Act or the regulations promulgated under this Act including violations concerning the acceptance of food coupons. The amount of any such fine shall be established by the Secretary and may be assessed and collected in accordance with regulations promulgated under this Act in combination with any fiscal claim established by the Secretary. The Attorney General of the United States may institute judicial action in any court of competent jurisdiction against such person to collect such fine.".

SEC. 1767. COMPUTER FRAUD PENALTIES.

(a) USE OF AN ACCESS DEVICE.—Section 15(b) of the Act (7 U.S.C. 2024(b)) is amended by—

(1) striking in the first sentence of paragraph (1) "or authorization cards in any manner not authorized by" and inserting ", authorization cards, or access devices in any manner contrary to"; and

(2) inserting in the first sentence of paragraph (1) after "a value of $100 or more" the following: "or if the item used, transferred, acquired, altered, or possessed is an access device,".

(b) DEFINITION.—Section 3 of the Act is amended by adding at the end the following new subsection:

"(t) 'Access device' means any card, plate, code, account number, or other means of access of a type that is used under this Act or regulations issued pursuant to this Act, alone or in conjunction with another access device, to obtain payments, allotments, benefits, money, goods, or other things of value, or to initiate a transfer of funds.".

(c) CONFORMING CHANGE.—Section 15(g) of the Act (7 U.S.C. 2024(g)) is amended by striking "or authorization cards in any manner not authorized by" and inserting ", authorization cards, or access devices, or anything of value obtained by use of an access device, in any manner contrary to".

SEC. 1768. UNLAWFUL USE OF COUPONS IN LAUNDERING MONETARY INSTRUMENTS.

Section 15(b)(1) is amended by—

(1) inserting after "Act shall," the words "if such coupons or authorization cards are of a value of $5,000 or more, be guilty of a felony and shall be fined not more than $250,000 or imprisoned for not more than twenty years, or both, and shall,"; and

(2) inserting after "$100 or more," the words "but less than $5,000,".

SEC. 1769. ISSUANCE OF WARNING LETTERS.

Section 12(a) of the Act (7 U.S.C. 2021) is amended by inserting after "up to $10,000" the words "or issued a warning letter".

Subtitle H—The Commodity Distribution Programs

SEC. 1771. TEFAP COMMODITY AVAILABILITY.

(a) The Temporary Emergency Food Assistance Act of 1983 (7 U.S.C. 612c note) is amended—

(1) by amending the title to read as follows:

"TITLE II— EMERGENCY FOOD ASSISTANCE ACT";

(2) in section 201 by striking "Temporary";

(3) in section 201A by

(A) inserting "(a)" after "201A" ; and

(B) by adding at the end:

"(b) State agencies may, with the approval of the Secretary, determine whether a public or nonprofit organization is an eligible recipient agency on the basis of its service to a substantial number of low-income persons rather than by individual income eligibility determinations if such procedures will reduce administrative burdens to the agency and ensure that most program recipients are low-income persons."; and

(4) in section 202 by adding a new subsection (g) as follows:

"(g)(1) Whenever commodities acquired by the Commodity Credit Corporation are made available for donation to domestic food programs in amounts that exceed Federal obligations for such donations, the Secretary also shall make some portion of such commodities available to emergency feeding organizations authorized by this Act.

"(2) In determining the commodities that will be made available to emergency feeding organizations under the provisions of this Act, the Secretary may distribute commodities that become available on a seasonal or irregular basis.";

(5) by amending section 210(c) to read as follows:

"(c)(1) The Secretary shall as early as feasible but not later than the beginning of each fiscal year, publish in the Federal Register an estimate of the types and quantities of commodities that the Secretary anticipates are likely to be made available under the commodity distribution program under this Act during such fiscal year.

"(2) The actual types and quantities of commodities made available by the Secretary under this Act may differ from the estimates made under paragraph (1).".

(b) The Commodity Distribution Reform Act and WIC Amendments of 1987 (7 U.S.C. 612c note) is amended in section 13(3)(E) by striking "Temporary".

SEC. 1772. FOOD BANK PROJECTS.

The Commodity Distribution Reform Act and WIC Amendments of 1987 (7 U.S.C. 612c note) is amended—

(1) in section 4(a) by striking the heading "Demonstration Project" and inserting "Community Food Banks";

(2) in section 4(d) by striking "and ending on December 31, 1990"; and

(3) by amending section 4(e) to read as follows:

"(e) REPORTS.—Not later that July 1, 1991, the Secretary shall submit a report to Congress on each project carried out under this section. Thereafter, the Secretary shall submit biennial reports to Congress on such projects. Such reports shall include analyses and evaluations of the provision and redistribution of agricultural commodities and food products under such projects, recommendations regarding improvements in the provision and redistribution of agricultural commodities and food products to community food banks, and the feasibility of expanding this method of provision and redistribution of agricultural commodities and food products to other community food banks.".

SEC. 1773. AUTHORIZING A COMMODITY SUPPLEMENTAL FOOD PROGRAM FOR THE ELDERLY AND INCREASING ADMINISTRATIVE FUNDING.

The Agriculture and Consumer Protection Act of 1973 is amended—

(1) in section 4(a) (7 U.S.C. 612c note) after "supplemental feeding programs wherever located" by inserting "serving women, infants and children, or elderly persons";

(2) in section 5(a) (7 U.S.C. 612c note) by striking "may not exceed 15 per centum of the sum of (A) the amount appropriated for the commodity supplemental food program and (B)" and inserting "may not be less than the sum of (A) 20 percent of the amount appropriated for the commodity supplemental food program and (B) 15 percent of"; and

(3) in section 5(f) (7 U.S.C. 612c note) by striking "additional sites for the program" and inserting "additional sites for the program, including sites that serve only elderly persons,".

SEC. 1774. FOOD DISTRIBUTION PROGRAM ADVANCE FUNDING FOR STATE OPTION CONTRACTS (SOCs).

The Commodity Distribution Reform Act and WIC Amendments of 1987 (7 U.S.C. 612c note) is amended by inserting after section 3 a new section 3A to read as follows:

"SEC. 3A. STATE OPTION CONTRACTS FOR COMMODITIES.

"The Secretary may use the funds of the Commodity Credit Corporation and the funds available to carry out section 32 of the Act of August 24, 1935 (7 U.S.C. 612c) to pay for all or a portion of the cost, as agreed upon with the State distribution agency, of food or the processing or packaging of food on behalf of a State distribution agency. In such cases, the State distribution agency shall reimburse the Secretary for the agreed upon cost. Any funds received by the Secretary as reimbursement shall be deposited to the credit of the Commodity Credit Corporation or the appropriation originally charged for such costs, as appropriate. If the State distribution agency fails, within 150 days of delivery, to make the required reimbursement in full, the Secretary shall, within 30 days, offset any outstanding amount against the appropriate account.".

SEC. 1775. CLARIFYING AMENDMENT.

The Commodity Distribution Reform Act and WIC Amendments of 1987 (7 U.S.C. 612 note) is amended in section 3(a)(3)(A)(i) by adding ", including food banks" after "recipient agencies".

SEC. 1776. DISTRIBUTION OF MILK.

Section 110(c) of the Hunger Prevention Act of 1988 (7 U.S.C. 612c(c) note) is amended—

(1) by inserting "(1)" after "AMOUNTS.—", and

(2) by adding at the end the following:

"(2) During each of the fiscal years 1991 through 1995, whenever milk acquired by the Commodity Credit Corporation is made available for donation to domestic food programs, the Secretary shall make some amount available to States for distribution to food banks and soup kitchens.".

SEC. 1777. COMMODITY ASSISTANCE FOR INFANTS AND CHILDREN.

(a) Section 4(a) of the Agriculture and Consumer Protection Act of 1973 (7 U.S.C. 612c note), as amended in section 1773, is amended by inserting after the words "dis-

tribution to institutions" the following: ", including hospitals and facilities caring for needy infants and children".

(b) Section 416(a)(3) of the Agricultural Act of 1949 (7 U.S.C. 1431(a)(3)) is amended by striking the words "hospitals, to the extent that needy persons are served" and inserting the words "hospitals and facilities, to the extent that they serve needy persons, including infants and children".

Subtitle I—Reauthorization of Programs

SEC. 1781. REAUTHORIZATION OF FOOD STAMP PROGRAM AND ELIMINATION OF SPECIFIED AUTHORIZATION LEVELS.

Section 18 of the Act (7 U.S.C. 2027) is amended—

(1) in subsection (a)(1)—

(A) by striking the first two sentences and inserting "To carry out the provisions of this Act, there are hereby authorized to be appropriated such sums as are necessary for the fiscal years 1991 through 1995."; and

(B) by striking in the last sentence "reductions in the value of allotments issued to households certified to participate in the food stamp program will be necessary under subsection (b) of this section" and inserting "supplemental appropriations will be needed to support the operation of the program through the end of the fiscal year"; and

(2) in subsection (b) by striking "amount authorized in subsection (a)(1)".

SEC. 1782. REAUTHORIZATION OF NUTRITION ASSISTANCE PROGRAM FOR PUERTO RICO.

(a) POLICY OF CONGRESS.—It is the policy of Congress that citizens of the United States who reside in the Commonwealth of Puerto Rico should be safeguarded against hunger and treated on an equitable and fair basis with other citizens under Federal nutritional programs.

(b) FUNDING LEVELS.—Section 19(a)(1)(A) of the Act (7 U.S.C. 2028(a)(1)(A)) is amended to read as follows:

"(a)(1)(A) From the sums appropriated under this Act, the Secretary shall, subject to the provisions of this section, pay to the Commonwealth of Puerto Rico $985,000,000 for fiscal year 1991, $1,029,000,000 for fiscal year 1992, $1,074,000,000 for fiscal year 1993, $1,121,000,000 for fiscal year 1994, and $1,170,000,000 for fiscal year 1995, to finance 100 percent of the expenditures for food assistance provided to needy persons and 50 percent of the administrative expenses related to the provision of such assistance.".

(c) STUDY OF NUTRITIONAL NEEDS OF PUERTO RICANS.—The Comptroller General of the United States shall conduct a study of—

(1) the nutritional needs of the citizens of the Commonwealth of Puerto Rico, including—

(A) the adequacy of the nutritional level of the diets of members of households receiving assistance under the nutrition assistance program and other households not currently receiving the assistance;

(B) the incidence of inadequate nutrition among children and the elderly residing in the Commonwealth;

(C) the nutritional impact of restoring the level of nutritional assistance provided to households in the Commonwealth to the level of such assistance provided to other households in the United States; and

(D) such other factors as the Comptroller General considers appropriate;

(2) the potential alternative means of providing nutritional assistance in the Commonwealth of Puerto Rico, including—

(A) the impact of restoring the Commonwealth to the food stamp program;

(B) increasing the benefits provided under the nutrition assistance program to the aggregate value of food stamp coupons that would be distributed to households in the Commonwealth if the Commonwealth were to participate in the food stamp program; and

(C) the usefulness of adjustments to standards of eligibility and other factors appropriate to the circumstances of the Commonwealth comparable to those adjustments made under the Act (7 U.S.C. 2011 et seq.) for Alaska, Hawaii, Guam and the Virgin Islands of the United States.

(d) REPORT OF FINDINGS.—The Comptroller General shall submit a final report on the findings of the study required under subsection (c) no later than August 1, 1992, to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate.

SEC. 1783. REAUTHORIZATION OF THE TEMPORARY EMERGENCY FOOD ASSISTANCE PROGRAM.

The Emergency Food Assistance Act of 1983 (7 U.S.C. 612c note) is amended—

(1) in section 204 by—

(A) striking subsections (a) and (b);

(B) redesignating subsections (c) and (d) as subsections (a) and (b), respectively; and

(C) in subsection (a)(1), as so redesignated, striking "ending September 30, 1986, through September 30, 1990," and inserting "1991 through 1995";

(2) in section 212 by striking "1990" and inserting "1995"; and

(3) in section 214 by—

(A) striking in subsection (a) "fiscal years 1989 and 1990" and inserting "fiscal years 1989 through 1992"; and

(B) revising subsection (e) to read as follows:

"(e) AMOUNTS.—During fiscal year 1991, the Secretary shall spend $175,000,000 and during fiscal year 1992 the Secretary shall spend $190,000,000, to purchase, process, and distribute additional commodities under this section. To carry out the provisions of this subsection there are hereby authorized to be appropriated $220,000,000 for each of the fiscal years 1993 through 1995 to purchase, process, and distribute additional commodities under this section. Any amounts provided for fiscal years 1993 through 1995 shall be available only to the extent and in such amounts as are provided in advance in appropriations acts.".

SEC. 1784. SOUP KITCHENS AND FOOD BANKS.

Section 110 of the Hunger Prevention Act of 1988 (7 U.S.C. 612c note), as amended by section 1776, is amended—

(1) in subsection (a) by striking "1991" and inserting "1995"; and

(2) in subsection (c)(1) (as redesignated by section 1676) by striking "in fiscal year 1991" and inserting "during each of the fiscal years 1991 through 1995".

SEC. 1785. REAUTHORIZATION OF COMMODITY SUPPLEMENTAL FOOD PROGRAM AND OTHER FOOD DONATION PROGRAMS.

(a) The Agriculture and Consumer Protection Act of 1973 is amended—

(1) in section 4(a) (7 U.S.C. 612c note) by striking "1986, 1987, 1988, 1989, and 1990" and inserting "1991 through 1995";

(2) in section 5(a), as amended by section 1773, by striking "1986 through 1990" in clause (2) and inserting "1991 through 1995"; and

(3) in section 5(d) after "(d)" by inserting "(1)".

(b) Section 130 of the Hunger Prevention Act of 1988 is amended—

(1) by striking "and 1990" and inserting "through 1995";

(2) by striking "of the Agriculture and Consumer Protection Act of 1973 (Public Law 93-86; 7 U.S.C. 612c note)"; and

(3) by redesignating such section, as amended in this subsection, as section 5(d)(2) of the Agriculture and Consumer Protection Act of 1973 (7 U.S.C. 612c note).

SEC. 1786. PROCESSING AGREEMENTS.

Section 1114(a)(2)(A) of the Agriculture and Food Act of 1981 (7 U.S.C. 1431e(2)(A)) is amended by striking "1990" and inserting "1995".

SEC. 1787. NUTRITION EDUCATION AUTHORIZATION.

Section 1588(a) of the Food Security Act of 1985 (7 U.S.C. 3175e(a)) is amended by striking "$5,000,000" and all that follows through the end and inserting "$8,000,000 for each of the fiscal years 1991 through 1995.".

Subtitle J—Miscellaneous; Effective Dates

SEC. 1791. GLEANING ASSISTANCE.

Section 111 of the Hunger Prevention Act of 1988 (7 U.S.C. 612c note) is amended to read as follows:

"SEC. 111. NATIONAL GLEANING CLEARINGHOUSE.

"(a) DEFINITION OF GLEANING.—For purposes of this section, the term 'to glean' means to collect unharvested crops from the fields of farmers, or to obtain agricultural products from farmers, processors, or retailers, in order to distribute such products to needy individuals, including unemployed and low-income individuals, and the term includes only those situations in which agricultural products and access to fields and facilities are made available without charge.

"(b) ESTABLISHMENT.—(1) The Secretary of Agriculture (hereafter in this section referred to as the "Secretary") is authorized to establish a National Gleaning Clearinghouse (hereafter in this section referred to as the 'Clearinghouse').

"(2) Through the Clearinghouse, the Secretary is authorized to—

"(A) encourage public and nonprofit private organizations to initiate and carry out gleaning activities, and to assist other organizations and individuals to do so, through lectures, correspondence, consultation, or such other measures as the Secretary may deem appropriate;

"(B) collect from public and private sources (including farmers, processors, and retailers) information relating to the kinds, amounts, and geographical locations of agricultural products not completely harvested;

"(C) gather, compile, and make available to public and nonprofit private organizations and to the public the statistics and other information collected under this paragraph, at reasonable intervals, as determined by the Secretary;

"(D) establish and operate a toll-free telephone line by which—

"(i) farmers, processors, and retailers may report to the Clearinghouse for dissemination information regarding unharvested crops and agricultural products available for gleaning, and may also report how they may be contacted;

"(ii) public and nonprofit organizations that wish to glean or to assist others to glean, may report to the Clearinghouse the kinds and amounts of products that are wanted for gleaning, and may also report how they may be contacted;

"(iii) persons who can transport crops or products may report the availability of free transportation for gleaned crops or products; and

"(iv) information about gleaning can be provided without charge by the Clearinghouse to the persons and organizations described in clauses (i), (ii), and (iii) above;

"(E) prepare, publish, and make available to the public, at cost and on a continuing basis, a handbook on gleaning that includes such information and advice as may be useful in operating efficient gleaning activities and projects, including information regarding how to—

"(i) organize groups to engage in gleaning; and

"(ii) distribute to needy individuals, including low-income and unemployed individuals, food and other agricultural products that have been gleaned; and

"(F) advertise in print, on radio, television, or through other media, as the Secretary considers to be appropriate, the services offered by the Clearinghouse under this section.".

SEC. 1792. WELFARE SIMPLIFICATION AND COORDINATION ADVISORY COMMITTEE.

(a) APPOINTMENT AND MEMBERSHIP.—There is hereby established an Advisory Committee on Welfare Simplification and Coordination (hereafter in this section referred to as the "Committee") consisting of no fewer than 9 and no more than 15 members appointed by the Secretary of Agriculture (hereafter in this section referred to as the "Secretary"), after consultation with the Secretaries of Health and Human Services and Housing and Urban Development, the Commissioner of Social Security, State and local officials responsible for administering the food stamp program, cash and medical assistance programs for low-income families and individuals under the Social Security Act, and programs providing housing assistance to needy families and individuals, and representatives of recipients and recipient advocacy organizations associated with such programs. The members of the Committee shall be persons who have experience in administering food stamp, cash, medical, and housing assistance programs at the Federal, State, and local levels, are familiar with the rules, goals, and limitations of such programs, and have demonstrated expertise in evaluating the operations of and interaction among such programs as they affect administrators and recipients, and shall include representatives of the administrators and recipients affected by such programs.

(b) PURPOSE.—It shall be the purpose of the Committee—

(1) to identify the policies implemented in the food stamp program, cash and medical assistance programs under the Social Security Act, and housing assistance programs (whether resulting from law, regulations, or administrative practice) that, because they differ, make it difficult for those eligible to apply for and obtain benefits from more than one program and restrict the ability of administrators of such programs to provide efficient, timely, and appropriate benefits to those eligible for more than one type of assistance;

(2) to examine the reasons for such different programs and policies and previous efforts to coordinate and simplify such programs and policies;

(3) to evaluate how and the extent to which such different programs and policies hinder the receipt of benefits from more than one program and limit administrators' ability to provide efficient, timely and appropriate benefits;

(4) to recommend common or simplified programs and policies (including recommendations for changes in law, regulations, and administrative practice and for policies that do not currently exist in such programs) that would reduce difficulties in applying for and obtaining benefits from more than one program and increase the ability of administrators of such programs to efficiently provide timely and appropriate assistance to those eligible for more than one type of assistance; and

(5) to describe the effects of such common or simplified programs and policies (including how such common or simplified programs and policies would enhance or conflict with the purposes of such programs, how they would ease the burdens on administrators and recipients, how they would affect program costs and participation, and the degree to which they would change Federal-State relationships in such programs), and the reasons for recommending such programs and policies (including reasons that might be sufficient to override the purposes of individual programs).

(c) ADMINISTRATIVE SUPPORT.—The Secretary shall provide the Committee with such technical and other assistance, including secretarial and clerical assistance, as may be required to carry out its functions.

(d) REIMBURSEMENT.—Members of the Committee shall serve without compensation but shall receive reimbursement for necessary travel and subsistence expenses incurred by them in the performance of the duties of the Committee.

(e) REPORTS.—The Committee shall submit a final report, including recommendations for common or simplified programs and policies and the effects of and reasons for such programs and policies, to the Congress and the Secretaries of Agriculture, Health and Human Services, and Housing and Urban Development not later than April 1, 1992, and may submit interim reports to the Congress and such Secretaries as deemed appropriate by the Committee.

(f) EXPIRATION.—The Committee shall expire upon submission of its final report, or at such later time as the Secretary of Agriculture determines appropriate to fulfill its advisory functions.

SEC. 1793. NUTRITION EDUCATION IMPROVEMENTS.

(a) Section 11(f) of the Act (7 U.S.C. 2020(f)) is amended by amending the first sentence to read "To encourage the purchase of nutritious foods the Secretary is authorized to assign responsibility for the nutrition education of people eligible for food stamps to the extension service, as defined in section 1404(5) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3103(5)) in cooperation with the Food and Nutrition Service and the Human Nutrition Information Service.".

(b) Section 18 of the Act (7 U.S.C. 2027), as amended by section 1734, is amended by adding at the end the following new subsection:

"(h) Of sums appropriated pursuant to this section, not more than $2,000,000 in any fiscal year may be used by the Secretary to make two-year competitive grants that will (1) enhance interagency cooperation in nutrition education activities and (2) develop cost effective ways to inform people eligible for food stamps about nutrition, resource management, and community nutrition education programs, such as the expanded food and nutrition education program. Awards will be made to one or more cooperative extension services, as defined in section 1404(5) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3103(5)), in coordination with local or State agencies serving low income people. Each project shall include an evaluation component and shall develop an implementation plan for replication in other States. The Secretary shall report to the appropriate committees of Congress on the results of the projects and shall disseminate these results through the cooperative extension service system and to State welfare offices, local food stamp program offices, and other entities serving low income households.".

SEC. 1794. EFFECTIVE DATES.

Except as otherwise provided in this title, the provisions of this title shall become effective on October 1, 1990. Sections 1721, 1733 and 1745 shall be effective April 1, 1991. Sections 1703, 1711, 1715, 1717, and 1728 shall become effective July 1, 1991.

SEC. 1795. SPECIAL PROVISION IN CASE OF SEQUESTRATION.

(a) FOOD STAMP PROGRAM.—Notwithstanding any other provision of law, if a final order is issued for any of the fiscal years 1991 through 1995 under section 252(b) of the Balanced Budget and Emergency Deficit Control Act of 1985 (2 U.S.C. 902(b)), or any subsequent enactment extending the effect of such provision, and such order is not subsequently rescinded, the amount made available to carry out the food stamp program under section 18 of the Act (7 U.S.C. 2027) shall be reduced by the amount equal to the amount of the percentage reduction for domestic programs required under such order multiplied by the additional cost over the preceding year, as contained in the Congressional Budget Office's final estimate of the cost of this Act prior to enactment, of the increases as provided for in sections 1701, 1702, 1711, 1712, 1715(d), 1728 and 1745 of this title for the fiscal year for which a final order has been issued.

(b) The reduction required by subsection (a) shall be achieved by reducing the increases in the costs of the provisions under sections 1701, 1702, 1711, 1712, 1715(d), 1728 and 1745 effective January 1 of such fiscal year, by one and one-third times the percentage reduction for domestic programs required under such order.

TITLE XVIII—IMPROVEMENT OF THE AGRICULTURAL ECONOMY

Subtitle A—Grain Quality Improvements

SEC. 1801. COMMITTEE ON GRAIN QUALITY AND GRAIN QUALITY COORDINATOR.

(a) ESTABLISHMENT OF COMMITTEE AND COORDINATOR.—(1) COMMITTEE.—The Secretary of Agriculture (hereafter referred to in this title as the "Secretary") shall establish a Department of Agriculture Committee on Grain Quality that shall remain in existence for at least 10 years.

(2) COORDINATOR.—The committee established under paragraph (1) shall be chaired by an individual who shall serve as the Grain Quality Coordinator (hereafter referred to in this subtitle as the "Coordinator") and carry out the duties described in subsection (b).

(b) DUTIES.—The Coordinator shall be responsible for—

(1) assembling and evaluating, in a systematic manner, concerns and problems, expressed by foreign and domestic buyers and end-users, with the quality of United States grain;

(2) developing and implementing a coordinated effort to inform and educate foreign buyers concerning the proper specification of grain purchase contracts to obtain the quality of grain they desire;

(3) reviewing the programs and activities of the Department of Agriculture with respect to United States grain to determine whether the activities are consistent with the provisions of this subtitle (and other provisions of law relating to agriculture) as such provisions relate to grain quality and grain quality competitiveness;

(4) serving as the Federal Government coordinator with respect to grain quality and grain quality competitiveness; and

(5) investigating and communicating through the Secretary, to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate, concerning—

(A) actions undertaken by the Department of Agriculture—

(i) to improve the quality of United States grain; and

(ii) that are inconsistent with the goal of improving grain quality;

(B) conditions in the production and marketing sectors that discourage improvements in grain quality;

(C) interrelationships of rules and actions taken by the Federal Grain Inspection Service, Animal and Plant Health Inspection Service, Agricultural Stabilization and Conservation Service, Food and Drug Administration, Environmental Protection Agency, and other Federal agencies, relating to grain production, handling, storage, transportation, and processing as such actions affect the wholesomeness and performance of grain;

(D) recommendations for legislative or regulatory changes that would address grain quality issues;

(E) progress made and benefits expected from the international harmonization of sanitary and phytosanitary requirements affecting grain;

(F) potential opportunities and benefits from the harmonization of grain grades and standards;

(G) alternative forms of financial and technical assistance available and needed by producers and elevator operators to acquire and properly utilize grain cleaning, drying, and storage equipment; and

(H) progress on requirements of other sections of this subtitle.

SEC. 1802. BENEFITS AND COSTS ASSOCIATED WITH IMPROVED GRAIN QUALITY.

The Secretary shall estimate the economic impact, including the benefits and costs and the distribution of such benefits and costs, of any major changes necessary to carry out the amendments made under this subtitle to sections 4, 6, and 7 of the United States Grain Standards Act prior to making such changes.

SEC. 1803. CLASSIFICATION, GRADES AND STANDARDS DESIGN FRAMEWORK.

Section 2(b) of the United States Grain Standards Act (7 U.S.C. 74(b)) is amended by—

(1) striking the "and" at the end of paragraph (3)(C)

(2) striking the period at the end of paragraph (3)(D) and inserting "; and;"; and

(3) adding at the end of paragraph (3) the following new subparagraphs:

"(E) reflect the economic value-based characteristics in the end uses of grain; and

"(F) accommodate scientific advances in testing and new knowledge concerning factors related to, or highly correlated with, the end use performance of grain.".

SEC. 1804. IMPROVING THE CLEANLINESS OF GRAIN.

Section 4(b) of the United States Grain Standards Act (7 U.S.C. 76(b)) is amended—

(1) by inserting "(1)" after the subsection designation; and

(2) by adding at the end thereof the following new paragraph:

"(2)(A)(i) The Administrator shall conduct a study to determine the costs and benefits to the United States grain industry, from producer to end user, of marketing cleaner grain. The study shall identify—

"(I) the need to establish new or revised current factors relating to grain cleanliness; and

"(II) appropriate limits for cleanliness factors taking into consideration the technical ability and practicability of the commercial market to comply with such limits, the economic benefits and costs to the grain industry, and domestic and international demand.

"(ii) If the Administrator determines, after evaluating the results of the study required by clause (i), that establishing new or revised current factors relating to cleanliness would be in the best economic interest of United States agriculture, the Administrator shall establish or amend the standards to include economically and commercially practical levels of cleanliness for the grain. The Administrator shall make a determination under this clause no later than 2 years after enactment of this paragraph.

"(B) In setting requirements for cleanliness characteristics, the Administrator shall—

"(i) consider technical constraints, economic benefits and costs to producers and industry, domestic and international demand; and

"(ii) follow established rule-making procedures, including the solicitation of public comment.

"(C) If the Administrator establishes limits on cleanliness characteristics under this section, the limits shall be fully implemented not later than 3 years after the determination required under subparagraph (A)(ii). Subsequent revision of cleanliness limits shall be conducted consistent with the schedule of the Administrator for reviewing grain standards.".

SEC. 1805. GRADE DETERMINING FACTORS RELATED TO PHYSICAL SOUNDNESS AND PURITY.

Section 4 of the United States Grain Standards Act (7 U.S.C. 76), as amended by section 1804, is amended—

(1) by redesignating subsection (c) as subsection (d); and

(2) by inserting after subsection (b) the following new subsection:

"(c)(1) In establishing standards under subsection (a) the Administrator shall establish for each grain official grade-determining factors and factor limits that reflect the levels of soundness and purity that are consistent with end-use performance goals of the major foreign and domestic users of each grain for which official grades are established. The soundness and purity levels established for grades No. 3

and better shall provide users of such standards the best possible information from which to determine end-use product quality. The Administrator shall establish factor limits that will provide that grain meeting the requirements for grades No. 3 and better will perform in accordance with general trade expectations for the predominant uses of such grain.".

SEC. 1806. TESTING FOR AFLATOXIN CONTAMINATION OF CORN SHIPPED IN FOREIGN COMMERCE; DOMESTIC TESTING STANDARDS AND PROCEDURES.

(a) MANDATORY AFLATOXIN TESTING.—Section 5 of the United States Grain Standards Act (7 U.S.C. 77) is amended by inserting at the end the following new subsection:

"(d) The Administrator is authorized and directed to require that all corn exported from the United States be tested to ascertain whether it exceeds acceptable levels of aflatoxin contamination.".

(b) ESTABLISHMENT OF STANDARDIZED TESTING EQUIPMENT AND PROCEDURES.—The Secretary of Agriculture shall—

(1) establish uniform standards for testing equipment; and

(2) establish uniform testing procedures and sampling techniques;

that may be used by processors, refiners, the operators of grain elevators and terminals, and others to accurately detect the level of aflatoxin contamination of corn in the United States.

SEC. 1807. CARGO LOADING REQUIREMENTS.

Section 7 of the United States Grain Standards Act (7 U.S.C. 79) is amended by adding at the end the following new subsection:

"(k) Except as otherwise authorized by the Administrator, or except on the request of a purchaser, all export grain that is officially inspected shall be loaded aboard the final carrier according to a plan that provides for certification of quality as accurately as practical.".

SEC. 1808. PROHIBITION OF CONTAMINATION.

Section 13 of the United States Grain Standards Act (7 U.S.C. 87b) is amended by adding at the end the following new subsection:

"(e)(1) The Administrator may prohibit the contamination of sound and pure grain through the introduction of—

"(A) nongrain substances; and

"(B) grain that is unfit for the ordinary commercial purposes for which such grain is intended to be used (to the extent that its combination with grades No. 3 or better will preclude the resultant combination from meeting the performance levels expected of such grades and as is required by section 4(c)(1)).

"(2) In no case shall the Administrator prohibit the blending of an entire grade of grain unless the grade-determining factors are determined to render such mixture unfit for the commercial purposes for which such grain is to be used.

"(3) Prior to taking action under this subsection, the Administrator shall follow established rule-making procedures, including the solicitation of public comment, in identifying and defining actions and conditions subject to prohibition.".

SEC. 1809. SENSE OF CONGRESS CONCERNING TESTS FOR PURITY.

(a) FINDING.—Congress finds that consumers, both internationally and domestically, are aware of, and concerned with, the purity of their food supply.

(b) SENSE OF CONGRESS.—It is the sense of Congress that in order to assure buyers of the purity of United States grain, the Federal Grain Inspection Service should, as soon as technically and economically practical, develop tests of mycotoxins and pesticide residues and make such tests available on such impurities in conjunction with official grain inspections established under the United States Grain Standards Act (7 U.S.C. 71 et seq.).

SEC. 1810. SENSE OF CONGRESS CONCERNING COOPERATIVE ENFORCEMENT OF FEDERAL GRAIN PURITY REQUIREMENTS.

(a) FINDINGS.—Congress finds that the laws and regulations related to the purity and safety of grain that are administered by the Food and Drug Administration and the Environmental Protection Agency serve to insure the integrity of the United States as a supplier of wholesome grain.

(b) SENSE OF CONGRESS.—It is the sense of Congress that Federal agencies that are responsible for enforcing the laws and regulations relating to the quality, purity, and safety of grain marketed both domestically and to foreign nations should seek assistance from and cooperate with the Federal Grain Inspection Service in the enforcement of the laws and regulations.

SEC. 1811. ENTRY QUALITY STANDARDS FOR ALL FARMER-OWNED RESERVE GRAINS.

Section 110 of the Agricultural Act of 1949 (7 U.S.C. 1445e) is amended by adding at the end the following new subsection:

"(k) In announcing the terms and conditions of the producer storage program under subsection (e)(1), the Secretary shall review standards concerning the quality of grain that shall be allowed to be stored under the program, and such standards should encourage only quality grain, as determined by the Secretary, to be pledged as collateral for such loans. The Secretary shall review inspection, maintenance, and stock rotation requirements and take the necessary steps to maintain the quality of such grain.".

SEC. 1812. PRICE SUPPORT LOAN INCENTIVES FOR QUALITY GRAIN.

(a) AMENDMENT TO 1949 ACT.—Section 403 of the Agricultural Act of 1949 (U.S.C. 1423) is amended by inserting after the second sentence: "For each of the crops of wheat, feed grains, and soybeans, the Secretary shall establish premiums and discounts relating to cleanliness factors in addition to any other adjustments in the support price related to quality.".

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall be effective beginning with the 1991 crops of wheat, feed grains, and soybeans.

SEC. 1813. QUALITY REQUIREMENTS FOR COMMODITY CREDIT CORPORATION-OWNED GRAIN.

The Agricultural Act of 1949 (7 U.S.C. 1427) is amended by inserting after section 407 the following new section:

"SEC. 407A. QUALITY REQUIREMENTS FOR COMMODITY CREDIT CORPORATION OWNED GRAIN.

"(a) ESTABLISHMENT OF MINIMUM STANDARDS.—Notwithstanding any other provision of law, the Secretary shall establish minimum quality standards that shall apply to grain that is deposited for storage for the account of the Commodity Credit Corporation. In establishing such standards, the Secretary shall take into consideration factors related to the ability of grain to withstand storage and assurance of acceptable end-use performance.

"(b) INSPECTION OF GRAIN ACQUISITIONS.—The Commodity Credit Corporation shall utilize Federal Grain Inspection Service approved procedures to inspect and evaluate the condition of the grain it acquires from producers. In no case shall this section require the use of an official inspection unless the producer so requests.".

SEC. 1814. ESTABLISHING QUALITY AS A GOAL FOR COMMODITY CREDIT CORPORATION PROGRAMS.

In carrying out its activities the Commodity Credit Corporation shall, to the extent practicable, provide for program provisions that promote quality in the production and marketing of crops and livestock in the United States.

SEC. 1815. SEED VARIETY INFORMATION.

(a) IN GENERAL.—Grain submitted for public testing shall be evaluated for selected specific agronomic performance characteristics and intrinsic end-use performance characteristics, as determined by the Secretary, with the results of the evaluations made available to the Secretary.

(b) DISSEMINATION OF INFORMATION.—The Secretary shall disseminate varietal performance information to plant breeders, producers, and end users.

SEC. 1816. SURVEY OF GRAIN VARIETIES.

The Secretary shall periodically conduct, compile, and publish a survey of grain varieties commercially produced in the United States.

SEC. 1817. ANALYSIS OF VARIETY SURVEY DATA.

The Secretary shall analyze the variety surveys conducted, in conjunction with available applied research information on intrinsic quality attributes of the varieties, to evaluate general intrinsic crop quality characteristics and trends in production related to intrinsic quality characteristics. This information shall be disseminated as required by section 1815(b).

SEC. 1818. SENSE OF CONGRESS CONCERNING END-USE PERFORMANCE RESEARCH.

(a) FINDINGS.—Congress finds that—

(1) research concerning the end-use performance of grain conducted by the Agricultural Research Service and land-grant universities is critical to improving the quality and competitiveness of United States grains in domestic and world markets;

(2) the work done by the Agricultural Research Service wheat quality laboratories has proven valuable to improving the understanding of individuals con-

cerning the relationships between the physical and chemical properties of wheat and the performance of wheat in milling and baking; and

(3) research conducted by the Agricultural Research Service and at land-grant universities concerning the composition of corn and soybean varieties has proven valuable to feed and food users.

(b) SENSE OF CONGRESS.—It is the sense of Congress that the Secretary, and in particular the Agricultural Research Service and land-grant universities, should adjust their financial priorities to place increased emphasis on grain variety evaluation and the development of objective tests for the end-use properties of grains.

SEC. 1819. SENSE OF CONGRESS CONCERNING COOPERATION IN OBJECTIVE TESTING.

(a) FINDING.—Congress finds that the close cooperative relationship that exists between the Federal Grain Inspection Service, the Agricultural Research Service, and land-grant universities has proven highly beneficial in identifying grain quality-related characteristics, developing tests, and designing grain standards.

(b) SENSE OF CONGRESS.—It is the sense of Congress that the cooperative efforts described in subsection (a), including the sharing of funds and personnel, should be expanded, and that the Federal Grain Inspection Service should continue to utilize the research capabilities of the Agricultural Research Service and the land-grant universities.

SEC. 1820. AUTHORITY TO ASSIST FARMERS AND ELEVATOR OPERATORS.

The Secretary may provide technical assistance (including information on such financial assistance as may be available) to grain producers and elevator operators to assist such producers and operators in installing or improving grain cleaning, drying or storage equipment.

SEC. 1821. STANDARDIZING COMMERCIAL INSPECTIONS.

(a) TESTING EQUIPMENT.—To promote greater uniformity in commercial grain inspection results, the Secretary may work in conjunction with the National Institute for Standards and Technology and the National Conference on Weights and Measures to—

(1) identify inspection instruments requiring standardization under subsection (b);

(2) establish commercial performance criteria for the grain inspection instruments;

(3) develop a National Type Evaluation Program to approve grain inspection instruments for commercial inspection; and

(4) develop standard reference materials or other means necessary for calibration or testing of approved instruments.

(b) GENERAL INSPECTION PROCEDURES.—To ensure that producers are treated uniformly in delivering grain, the Secretary shall develop practical and cost-effective procedures for conducting commercial inspections resulting in price adjustments related to premiums and discounts for quality factors for the grain. The procedures shall be made available to country elevators and others making first-point-of-delivery inspections.

(c) To encourage the use of equipment and procedures developed under subsections (a) and (b), the Administrator of the Federal Grain Inspection Service shall provide for official inspection services by delegated and designated inspection agencies and provide information on the proper use of sampling and inspection equipment, application of the grain standards, and availability of official inspection services, including appeal inspection service, under the United States Grain Standards Act.

Subtitle B—Agricultural Cooperation and Development

SEC. 1831. CONTROL AND ERADICATION OF PLANT PESTS.

Section 102(b) of the Department of Agriculture Organic Act of 1944 (7 U.S.C. 147a(b)) is amended—

(1) by striking "all countries of the Western Hemisphere" and inserting "foreign countries"; and

(2) by inserting "foreign or" before "international".

SEC. 1832. COOPERATION IN ANIMAL DISEASE CONTROL.

Section 11 of the Act of May 29, 1884 (21 U.S.C. 114b) is amended—

(1) by striking "Mexico, Guatemala, El Salvador, Costa Rica, Honduras, Nicaragua, Belize, Panama, Columbia, and Canada, the Bahama Islands, the Greater Antilles, and the Lesser Antilles" and inserting "foreign countries"; and

(2) by inserting "foreign or" before "international".

SEC. 1833. DEBT FOR AGRICULTURAL DEVELOPMENT EXCHANGES.

(a) DEFINITION.—For purposes of this section, the term "debt for agricultural development exchange" means the voluntary cancellation of the external debt of the government of a foreign country in exchange for—

(1) that government's making available, to a grantee under subsection (b), local currencies (including through the issuance of bonds) to be used only for eligible projects involving the development, research, control, and study of agriculturally related activities in that country; or

(2) that government's financial resources, and policy commitment, to take specific actions to ensure the development, research, control, and study of agricultural activities within that country.

(b) ASSISTANCE FOR COMMERCIAL DEBT EXCHANGES.—(1) GRANTS.—The Secretary is authorized to furnish assistance in the form of grants, on such terms and conditions as the Secretary determines to be necessary, to United States non-governmental organizations, colleges, and universities, for the purchase on the secondary market of discounted external commercial debt of a foreign government to be canceled under the terms of an agreement with that government as part of a debt for agricultural development exchange.

(2) INTEREST ON GRANTS.—The grantee (or any subgrantee) of the grants referred to in paragraph (1) may retain interest earned on the proceeds of any resulting debt for agricultural development exchange pending the disbursement of such funds for approved program purposes without deposit in the Treasury of the United States and without further appropriations by the Congress.

(3) REINVESTMENT OF INTEREST.—Such interest accrued in accordance with paragraph (2) shall be reinvested by the grantee in the approved project in the host country or used for the establishment of an endowment for the purpose for which the grant was provided to the grantee.

(c) ELIGIBLE PROJECTS.—(1) The Secretary shall ensure that the debt for agricultural development exchange under this section is designed to be of mutual benefit to both the agricultural sector of the United States and the agricultural sector of the host country.

(2) In cooperation with international organizations, domestic or foreign non-governmental organizations, colleges, and universities, the Secretary shall seek to identify those areas which, because of their imminent threat to agriculture, are in particular need of immediate attention to support and promote the control of plant and animal diseases in the Western Hemisphere.

(3) The Secretary shall encourage as many countries as possible to propose such exchanges with the purpose of demonstrating to a large number of governments the feasibility and benefits of efficient and successful agricultural development.

(d) ELIGIBILITY.—Before awarding a grant under this section, the Secretary shall determine that—

(1) the grantee and the host country are committed to the long-term viability of the activity that is to be undertaken through the debt for agricultural development exchange;

(2) a plan has been prepared in advance by both the grantee and the host country, which, when implemented, will adequately provide for the viability of the activity that is to be undertaken through the debt for agricultural development exchange;

(3) there is a government agency or a local non-governmental organization, or combination thereof, in the host country with the capability, commitment, and record of agricultural development to oversee the long-term viability of the activity that is to be undertaken through the debt for agricultural development exchange; and

(4) the United States non-governmental organization, college, or university certifies that the host government has accepted the terms of the exchange.

(e) TERMS AND CONDITIONS OF THE EXCHANGE.—(1) Not later than 180 days after the date of enactment of this section, the Secretary shall issue regulations to implement this section. Such regulations shall include provisions to—

(A) detail the general terms and conditions necessary for any proposed exchange to gain approval under paragraph (2); and

(B) protect against the misuse of any assistance provided under subsection (b) contrary to the provisions of this section.

(2) The terms and conditions of any exchange under this section shall be subject to approval by the Secretary.

(3) Grants made under this section are intended to complement, and not to act as a substitute for, assistance otherwise available to a foreign country from the Department of Agriculture.

(4) The Department of Agriculture is prohibited from demanding or accepting any title or interest in any project or program under this section, or any interest accrued by the awarded grant, as a condition of the debt for agricultural development exchange.

(f) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated such sums as may be necessary to carry out the provisions of this section.

Subtitle C—Other Provisions

SEC. 1841. AGRICULTURAL PRODUCT PROMOTION AND ENHANCEMENT.

(a) FINDINGS.—The Congress finds that—

(1) United States agricultural producers and importers contribute approximately $600,000,000 annually to commodity promotion and research programs to maintain and expand markets for their products;

(2) these commodity checkoff programs are funded entirely by producers and importers in a self-help effort to enhance the economic viability of their industries;

(3) these commodity checkoff programs are intended to enhance efforts to market agricultural products, rather than to facilitate advances in production that do not directly relate to strengthening markets of the products;

(4) marketing conditions for agricultural products are dramatically affected by consumer perceptions relating to environmental issues, food safety concerns, animal husbandry practices, and other similar issues; and

(5) advances of technology continue to provide new uses for agricultural products, both in food and nonfood applications, and such new uses present opportunities for increased marketing efforts.

(b) SENSE OF THE CONGRESS.—It is the sense of Congress that—

(1) commodity checkoff programs shouid focus their efforts on improving the marketing conditions for their products and not on efforts to increase production or enhance production techniques of their products where such enhancements do not relate directly to a stronger market for the product;

(2) the boards or councils that oversee commodity checkoff programs under the supervision of the Secretary should implement programs to provide consumers with adequate information on such public issues as environmental developments, food safety, animal husbandry practices, biotechnology, and other similar issues so that the perception of consumers accurately and fairly reflects the relationship between agriculture and these public issues; and

(3) such boards or councils should pursue new food and nonfood uses for agricultural products developed through technological advances that hold promise for increasing the marketability of these products.

SEC. 1842. AGRICULTURAL ASSISTANCE PROGRAM FOR FARMERS WITH DISABILITIES.

(a) SPECIAL DEMONSTRATION GRANTS.—(1) IN GENERAL.—The Secretary shall make demonstration grants to support cooperative programs between State extension service agencies and private nonprofit disability organizations to provide on-the-farm agricultural education and assistance directed at accommodating disability in farm operations for individuals with physical disabilities, and their families, who are engaged in farming or farm-related occupations.

(2) EXTENSION SERVICE AGENCIES.—Grants shall be awarded under this subsection directly to State extension service agencies to enable such agencies to enter into contracts, on a multi-year basis, with private nonprofit community-based direct service organizations to initiate, expand or sustain cooperative on-the-farm agricultural education and direct assistance to farmers with disabilities to utilize farm-oriented expertise to promote accommodation of their disabilities in performing farm operations.

(3) MINIMUM AMOUNT.—No grant shall be awarded under this subsection in an amount that is less than $150,000.

(4) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated $3,000,000 for each of the fiscal years 1991 through 1992 and $5,000,000 for each of the fiscal years 1993 through 1996 to carry out this subsection.

(b) NATIONAL GRANT FOR TECHNICAL ASSISTANCE, TRAINING, AND DISSEMINATION.—(1) IN GENERAL.—The Secretary shall award grants to national private nonprofit disability organizations to enable such organizations to provide technical assistance, training, information dissemination and other activities to support services provided under subsection (a).

(2) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated $1,000,000 for each of the fiscal years 1991 through 1995 to carry out this subsection.

SEC. 1843. EMERGENCY GRANTS TO ASSIST LOW-INCOME MIGRANT AND SEASONAL FARMWORKERS.

(a) IN GENERAL.—The Secretary may make grants, not to exceed $20,000,000 annually, to public agencies or private organizations with tax exempt status under section 501(c)(3) of the Internal Revenue Code of 1986 that have experience in providing emergency services to low-income migrant and seasonal farmworkers when the Secretary determines that a local, State or national emergency or disaster has caused low-income migrant or seasonal farmworkers to lose income, or to be unable to work, or to stay home or return home in anticipation of work shortages. Emergency services to be provided under this section may include such types of assistance as the Secretary determines to be necessary.

(b) DEFINITION.—For the purposes of this section, a "low-income migrant or seasonal farmworker" is an individual who has, during any consecutive 12 month period within the preceding 24 month period, performed farm work for wages, and who has received at least one-half of total income or been employed at least one-half of total work time in farm work, and whose annual family income within such 12 month period did not exceed the higher of the poverty level or 70 percent of the lower living standard income level.

(c) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated such sums as are necessary to carry out this section.

SEC. 1844. NARROWING THE DEFENSE EXCEPTION TO THE FARMLAND PROTECTION POLICY ACT.

Section 1547(b) of the Farmland Protection Policy Act (7 U.S.C. 4208) is amended by inserting "during a national emergency" after "purposes".

SEC. 1845. FORAGE RANGELAND INVENTORY SURVEY.

The Secretary shall initiate and collect inventory survey data and statistics on the availability and quality of forage, grasslands and range crops. Such data shall be made available to the public each year.

SEC. 1846. ACCURATE TRACKING OF COSTS OF COMMODITY CERTIFICATE PROGRAM.

The Congress finds that, to ensure proper congressional scrutiny of commodities certificate costs, the Department of Agriculture should develop a new set of budget terms and totals that include commodity certificates in the budget totals submitted by the Administration to the Congress.

SEC. 1847. IMPROVING THE ACCURACY OF COMMODITY PROGRAM BUDGET FORECASTS.

The Congress finds that, to improve the accuracy of commodity program benefit forecasts, the Secretary should designate a single organization to manage its commodity program forecasting and establish a quality control program to—

(1) systematically identify the source of forecasting errors;

(2) maintain records of data used for supply and demand forecasts;

(3) document its forecasting methods; and

(4) correct weaknesses in its various forecasting components.

Subtitle D—Reports and Studies

SEC. 1851. PASS THROUGH OF SAVINGS.

(a) ESTABLISHMENT OF MEASUREMENT SYSTEM.—The Secretary of Agriculture (hereafter in this title referred to as the "Secretary") shall by regulation establish a system to measure the extent to which any reduction in the prices of agricultural commodities or products thereof are passed through to the ultimate consumer. The Secretary shall report annually to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate on the results of such measurements and shall also publish such results in the Federal Register.

(b) PUBLICATION.—To the extent that the Secretary finds that any such price reductions are passed through in an article containing the agricultural commodity or product thereof as savings to the ultimate consumer, the Secretary shall publish the

names of any such article, the amount of savings that were passed through to the ultimate consumer, and the seller or manufacturer of the article.

(c) CERTIFICATION REQUIRED.—Prior to publishing such information in the Federal Register, the Secretary shall require a certification from the seller or manufacturer of such article that savings were intended and actually passed through to the ultimate consumer.

SEC. 1852. FARM VALUE OF AGRICULTURAL PRODUCTS.

(a) IN GENERAL.—The Secretary of Agriculture shall provide by rule a system for informing the ultimate consumer of an agricultural commodity or a product thereof, whether produced inside or outside of the United States, of the approximate amount of money (in terms of United States currency) paid the agricultural producer for that commodity, or each commodity contained in that product.

(b) ANNUAL REPORT BY SECRETARY.—The Secretary shall annually report to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate, by type of commodity or product, a summary of the information required to be made available to the consumer under subsection (a). The Secretary may by rule require the submission of such data from such persons as is necessary to enable the Secretary to carry out this subsection. The Secretary shall provide for the timely publication and wide distribution of such reports.

SEC. 1853. STUDY OF THE CONCENTRATION OF THE MEAT PACKING INDUSTRY.

(a) STUDY REQUIRED.—The Comptroller General, in consultation with the Secretary, shall conduct a study regarding vertical and horizontal concentration in the meat packing industry. In conducting such study, the Comptroller General shall consider the following:

(1) The impact, both short and long term, of such concentration on farm income of livestock producers.

(2) The impact, both short and long term, of such concentration on prices paid by consumers for meat and poultry products.

(3) The impact of such concentration on economic development in agricultural areas, including employment levels, wage rates, the financial condition and competitiveness of the meat industry, and distribution of employment opportunities.

(4) The extent and nature of packer contracting and the pricing arrangements that are typical of packer contracting, including any evidence of price premiums or discounts and the justification of such premiums or discounts.

(5) An evaluation of the adequacy of the voluntary price reporting system of the Department of Agriculture.

(6) The relationship between packer concentration and contracting and the role of packers in the futures market.

(7) The impact of captive supplies on price levels, price variability, and the level of competition in slaughter livestock markets.

(8) The degree of concentration throughout the food chain from producer through the retailer and the impact of such concentration on meat and poultry processors.

(9) An evaluation of alternative marketing systems including a national electronic marketing system, a national market for forward contracts and other alternatives with potential to enhance competitive price discovery in a national market with negotiations between buyers and sellers that are publicly visible so that they may be assessed by the public.

(b) DEFINITION OF PACKER.—For the purposes of this section the term "packer" means any person engaged in the business—

(1) of buying livestock in commerce for purposes of slaughter,

(2) of manufacturing or preparing meats or meat food products for sale or shipment in commerce, or

(3) of marketing meats, meat food products, or livestock products in an unmanufactured form acting as a wholesale broker, dealer, or distributor in commerce.

(c) SUBMISSION OF STUDY.—The study specified in subsection (a) shall be submitted to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate.

BRIEF EXPLANATION

TITLE I—COTTON

The bill establishes a program for the 1991 through 1995 crops of upland cotton that would—

(1) freeze target price protection for producers at the current level ($.729 per pound);

(2) continue to make available a marketing loan program that provides price support loans that are responsive to market prices;

(3) establish acreage reduction programs targeted to achieve a 30% stocks-to-use ratio.

TITLE II—SUGAR

Title II of H.R. 3950 extends the current price support program for sugar through the 1995 crops of sugarcane and sugar beets. The price of sugarcane will be supported through nonrecourse loans at not less than 18 cents per pound for raw cane sugar. The price of sugar beets will be supported through nonrecourse loans at not less than a level set based on the relation between the producer returns for sugar beets and for sugarcane.

Title II also requires a system of marketing controls on sugar and crystalline fructose if the Secretary of Agriculture estimates that imports of sugar will be less than 1.25 million short tons, raw value.

Under title II, the Secretary of Agriculture is also required to establish a program to provide for imports of sugar from Caribbean Basin and other low income countries at a premium over the world market price for processing in the United States and re-export to other countries. The program is funded through the purchase of marketing certificates by sugar and fructose sweetener processors.

TITLE III—RICE

The bill establishes a program for the 1991 through 1995 crops of rice that would—

(1) freeze target price protection for producers at the current level ($10.71 per hundredweight);

(2) continue to make available a marketing loan program that provides price support loans that are responsive to market prices;

(3) establish an acreage reduction program targeted to achieve between a 16.5% and 20% stocks-to-use ratio.

TITLE IV—DAIRY

The bill establishes a dairy program for the years 1991 through 1995 that would:

(a) Establish a support price floor of $10.10 effective January 1, 1991, through December 31, 1995.

(1) Raise the support price at least $0.25 on October 1, 1991 through 1995, if annual Commodity Credit Corporation (CCC) purchases are projected less that 3.5 billion pounds, milk equivalent, total solids basis.

(2) Lower the support price by $0.25 to $0.50 (but not below $10.10) on October 1 of each of the fiscal years 1991 through 1995, if annual CCC purchases are projected to exceed 5 billion pounds, milk equivalent, total solids basis.

(3) The Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition and Forestry of the Senate must be notified by August 1 of any year, if a change in the support price is to occur October 1 of that year for each of the fiscal years 1991 through 1995.

(4) The Secretary of Agriculture shall exclude any increase in imports of dairy products, from the 1986-1990 average, on a total solids basis, from the projection of annual CCC purchases.

(b) CCC purchase price for butter shall not exceed $0.8150 in fiscal years 1991 through 1993 and $0.7875 in fiscal years 1994 and 1995.

(c) Directs the Secretary to recommend to Congress an inventory management program to be prepared for implementation on January 1, 1992 if annual CCC purchases are expected to exceed 7 billion pounds.

TITLE V—WOOL AND MOHAIR

Title V extends the current price support provisions for wool and mohair marketed through 1995, and imposes a $250,000 per person limitation on the amount of payments that can be received under the National Wool Act of 1954. Title V also modifies the margin needed for approval of a referendum regarding a promotion program.

TITLE VI—HONEY

Subtitle A of title VI extends the current honey price support program through the 1995 crop. The support level will be not less than 53.8 cents per pound.

Subtitle B of title VI amends the Honey Research, Promotion, and Consumer Information Act to provide for several modifications to the current activities under that Act, including provisions regarding assessments of honey imports, assessment levels, and representation on the Honey Board and to require a reconfirmation referendum.

TITLE VII—OILSEEDS

The bill establishes a program for the 1991 through 1995 crops of soybeans and other oilseeds that would—

(1) set the loan rate for the 1991 through 1995 crops of soybeans at $5.25 per bushel;

(2) provide for adjustments, either upward or downward, in the loan rate based on stocks to use ratios;

(3) set loan rates for other oilseeds (except cottonseed) at not less than the soybean loan rate on a per-pound basis;

(4) mandate a marketing loan for soybeans, sunflower, safflower, canola, rapeseed, flaxseed, mustard seed, and such other oilseeds designated by the Secretary of Agriculture.

TITLE VIII—PEANUTS

Title VIII—

(1) suspends operation of the allotment and quota provisions of the Agricultural Adjustment Act of 1938 with respect to the 1991–1995 crops of peanuts;

(2) establishes the national poundage quota for the 1991–1995 crops of peanuts as that level estimated by the Secretary of Agriculture to be utilized for domestic edible, seed, and related uses, but in no case less than 1,350,000 tons;

(3) continues current distribution rules with respect to increases in national poundage quota on a proportional basis, except in Texas where ⅓ of additional poundage quota increases will be distributed to quota farms producing contract additional peanuts meeting certain criteria, with ⅔ of additional poundage quota increases distributed to other farms in the state;

(4) establishes quotas for research and experiment stations or centers operated by Land Grant Colleges, Universities, or the government from the State's reserve;

(5) extends provisions allowing equal decreases in quota among all farms having a quota in the preceding year where national poundage quota is reduced;

(6) continues provisions permitting reduction of quota where the quota has not been produced in two of the last three years;

(7) extends provisions establishing the production of farm poundage quotas as "considered produced" where natural disaster prevents production, where quota is voluntarily released for one year, or where leased for one of the last three years;

(8) continues provisions relating to the permanent release of farm quota;

(9) permits the distribution of up to 25% of all poundage quotas released in the State to farms not having a poundage quota, limiting increased allocations to no more than the previous three year annual farm production level;

(10) continues requirements of a referendum to determine whether or not peanut producers favor or oppose continuation of the Peanut Program;

(11) extends provisions relating to the sale, lease, or transfer of quota within a county, as well as those provisions relating to transfers in contiguous counties, and the lease or sale of quota to other farms in the same State where the State's quota is less than 10,000 tons;

(12) continues provisions providing for marketing penalties under certain conditions of up to 140 percent of the quota support price;

(13) provides the Secretary of Agriculture complete authority to reduce penalties for marketing violations where there was a minor or inadvertent error, and as long as the operation of the program was not impaired;

(14) permits handlers of additional peanuts to fufill export obligations through export or crushing, as well as permitting the handler to substitute "splits" for SMK's on an equal poundage basis as long as certain requirements are met;

(15) extends provisions allowing for a shrink adjustment in export or crushing obligations, specifying this level as 4 percent;

(16) limits the entry of contract additional peanuts into the domestic market to those instances where Section 22 restrictions are no longer in place;

(17) extends provisions permitting handlers to contract with producers of additional peanuts up until August 1;

(18) continues provisions permitting the Commodity Credit Corporation to sell any peanuts it controls, at prices sufficient to cover costs on a certain scale;

(19) sets the support level for quota peanuts in 1991 at the level of support in 1990, adjusted for each of preceding crop years to reflect any increase in cost of production (excluding changes in the cost of land) during the preceding year, with increases capped at no more than 6 percent per year;

(20) extends provisions allowing the Secretary to establish the additional support price at a level which insures no loss to the Commodity Credit Corporation;

(21) continues provisions requiring the Secretary to utilize three area loan associations, which must establish pools by area and segregation for quota peanuts, additional loan peanuts, and additional peanut produced without a handler contract, except that separate pools exist for peanut produced in New Mexico;

(22) extends provisions regarding "national cross compliance" and adds the requirement that profits from export sales are included in determining net gains or losses.

TITLE IX—WHEAT

The bill establishes a program for the 1991 through 1995 crops of wheat that would—

(1) freeze target price protection for producers at the current level ($4.00 per bushel);

(2) preserve producer income by requiring slightly increased target prices to offset increases in acreage reduction programs;

(3) provides for slightly increased target prices for producers who increase their acreage reduction beyond the required levels;

(4) sets the loan rate for the 1991 through 1995 crops at 85% of the 5-year average of market prices; and

(5) sets acreage reduction program requirements based on stocks-to-use ratios.

TITLE X—FEED GRAINS

The bill establishes a program for the 1991 through 1995 crops of feed grains that would—

(1) freeze target price protection for producers at the current level ($2.75 per bushel for corn; $2.61 per bushel for sorghum; $2.36 per bushel for barley; $1.45 per bushel for oats);

(2) preserve producer income by requiring slightly increased target prices to offset increases in acreage reduction programs;

31-912 O - 90 - 10

(3) provides for slightly increased target prices for producers who increase their acreage reduction beyond the required levels;

(4) sets the loan rate for the 1991 through 1995 crops at 85% of the 5-year average of market prices; and

(5) sets acreage reduction program requirements based on stocks-to-use ratios.

TITLE XI—GENERAL COMMODITY PROVISIONS

The bill reauthorizes for five years and improves the current system for establishing farm and commodity acreage bases and program yields for wheat, feed grains, upland cotton, and rice.

The improved provisions allow producers increased flexibility to plant up to 25% of their "flexible acreage base" to crops other than that for which they have base under the commodity programs, but prohibits the payment of deficiency payments on such "flex acres".

The bill also extends for five years other general commodity provisions, including the limitation on payments to producers under the commodity programs.

TITLE XII—TRADE

Title XII contains several provisions concerning food aid and agricultural export promotion programs.

Subtitle A of title XII amends the Agricultural Trade Development and Assistance Act of 1954 (commonly known as "PL 480" or "Food for Peace") and other food aid authorities.

Subtitle A—

extends the authorization for PL 480 through 1995.

expands the President's authority to donate agricultural commodities to friendly least developed countries.

amends the provisions related to the use of foreign currencies acquired under PL 480.

authorizes the President to provide debt forgiveness, on a case-by-case basis subject to appropriations, to relatively least developed countries undergoing economic reforms.

revises the self-help requirements for countries to be eligible for assistance under title I of PL 480.

provides funds for private voluntary organizations and cooperatives overseas program costs.

repeals title III of PL 480, the Food for Development Program, in light of the expanded authority under title I of PL 480.

revises the farmer-to-farmer program and doubles the funding for the program.

imposes requirements to avoid conflicts of interest and promote competition under PL 480, section 416 of the Agricultural Act of 1949, and the Food for Progress Act of 1985.

extends the authorization for the Food for Progress Act of 1985 through fiscal year 1995.

Subtitle B of title XII revises the agricultural commercial export promotion programs.

Subtitle B—

revises the administration of these programs to increase program oversight and accountability.

requires the development of U.S. agricultural marketing goals, including value-added products, and a coordinated strategy to achieve those goals.

mandates an export enhancement program through fiscal year 1995 using not less than $500 million of Commodity Credit Corporation funds or commodities per year.

expands the existing targeted export assistance program to be an overall market promotion program, and mandates the program through fiscal year 1995 at not less than $200 million per year.

requires reporting for commercially significant agricultural exports, including the percentage produced in the United States and the percentage produced in foreign countries.

revises the provisions affecting agricultural export credit guarantees, including provisions to prohibit the diversion of cargo, modify program administration, and specify record-keeping requirements

Subtitle C provides for programs to encourage agricultural trade with emerging democracies.

Title XIII—Research

The bill extends and provides increased authorizations for various existing research programs and authorizes the establishment and funding of various new programs to conduct needed research and education.

Title XIV—Fruits, Vegetables, and Marketing

The bill requires the Department of Agriculture to conduct comprehensive studies of (1) the United States fruit and vegetable industry, and (2) the United States wine and wine grape industry.

The bill authorizes new producer-funded research and promotion programs for pecans, mushrooms, and limes.

The bill also amends certain agricultural marketing programs to improve the operations of such programs.

Title XV—State and Private Forestry

Title XV authorizes the Secretary to provide cost-shared assistance to States and rural volunteer fire departments to conduct firefighting preparedness and mobilization activities.

Title XV directs the Secretary to provide cost-shared assistance for insect suppression efforts to cooperating States and other entities for the development and implementation of an integrated pest management strategy for the control of certain insects on non-Federal lands.

Title XV authorizes the Secretary to provide disaster relief in the form of cost-share assistance for replanting or the provision of tree seedlings to eligible landowners that suffer destruction of 35 percent or more of a tree stand due to damaging weather or related conditions or wildfire.

Title XV authorizes the Secretary to conduct, support and cooperate in research to improve reforestation, to develop improved forest inventory methods, to evaluate resource management problems in urban and rural interface areas, to assess the effects of changes in the Federal tax code on private forest management and investment, to improve delivery of information and technical assistance to private landowners, and to advance wood fiber recycling technology. Title XV also authorizes the Secretary to continue the Modern Timber Bridge Initiative.

Title XV authorizes the Secretary to establish a Forest Reserve Program to protect forest lands from conversion to alternative nonforest uses through the use of conservation easements and to give priority for inclusion in the program to lands that are threatened by development, that have unique scenic character, or that contain threatened or endangered species.

Title XV authorizes the Secretary to continue support for the study of northern forest lands, and to conduct a study of the forest resources of the New York-New Jersey Highlands including land ownership patterns and alternative conservation strategies with respect to such resources.

Title XV authorizes and directs the Secretary to establish programs for improved management and stewardship of forest resources, including provision for technical and shared cost assistance to owners of private, nonindustrial forest lands.

Title XV directs the Secretary, in cooperation with State foresters and State extension agents or equivalent State officials, to implement a program of education and technical assistance for urban and community forest resources and to assist in identifying sources of plant materials for the reforestation of urban areas and communities. Title XV further directs the Secretary to establish an urban and community forestry challenge cost-share program and a national advisory council to evaluate and make recommendations on the implementation of and status of this and other programs related to urban and community forestry.

Title XV establishes a private nonprofit organization as the America the Beautiful Foundation to provide grants to qualifying nonprofit organizations to promote support for and solicit, accept, and administer contributions for tree planting, maintenance, management, protection, and cultivation projects in urban and rural areas and communities.

Title XV directs the President to establish a Commission on State and Private Forests to assess the status of state and private forest lands, the problems affecting these lands, and the potential contribution of these lands to the nation's renewable natural resource needs.

Title XV directs the Secretary to establish a research, development and application program for the forests and rangelands of northwestern States, to be known as the Blue Mountain Natural Resource Institute. Title XV further directs the Secretary to establish an International Forest Resources Institute to increase the competitive position of the forest industries of the northeastern U.S. Title XV further directs the Secretary to establish a Semiarid Agroforestry Research, Development and Demonstration Center to

research and develop sustainable agroforestry systems on semiarid lands and to demonstrate the effectiveness of such systems.

TITLE XVI—CONSERVATION

Title XVI—

(1) Expands the list of Federal program benefits lost for any person who produces an agricultural commodity on highly erodible land without an approved conservation plan. Requires new or revised conservation plans to reduce erosion by at least 50 percent from level that would occur if conservation measures were not applied. Allows reduced penalties for minor or inadvertent non-compliance and in situations where a tenant farmer has made a good-faith effort to comply.

(2) Continues authority to offer 10-year rental contracts to producers who agree to protect highly erodible and other environmentally-sensitive lands. Re-targets Conservation Reserve program objectives to allow enrollment of environmentally-sensitive lands to address water quality concerns, conservation planning needs, and to protect farmed wetlands and certain pasture lands. Keeps current cap on total CRP enrollment of 45 million acres.

(3) Reaffirms that all three criteria currently in law defining a wetland—hydric soils, hydrology, and hydrophytic vegetation—must be met in identifying wetlands subject to swampbuster restrictions; requires mapping of wetlands and on-site reviews prior to enforcement or in the case of appeals of wetland determinations.

(4) Changes trigger for swampbuster violations from time of planting a crop on the drained wetland to when the wetland is converted for agricultural purposes. Requires USDA to exempt producers from swampbuster when draining a wetland will have a minimal effect. Allows use of graduated sanctions (ranging from $750 to $10,000) for inadvertent wetland conversions.

(5) Allows producers to mitigate the conversion of farmed wetlands by returning an equivalent area to wetland status. Directs Soil Conservation Service and U.S. Fish and Wildlife Service to work together, at the local level, in developing restoration and mitigation plans for wetlands.

(6) Establishes a voluntary paid, permanent easement program to protect wetlands and other environmentally-sensitive lands. Creates a National Agricultural Wetlands Reserve program with a goal of up to 2.5 million acres of wetlands enrolled in permanent easements.

(7) Establishes two voluntary programs to improve environmental quality on agricultural lands:

(a) to help farmers address non-point source pollution problems (including nutrient, pesticide, animal waste, and sediment runoff) associated with agricultural practices. Provides incentive payments and base/yield protection to farmers who develop approved water quality protection plans. Also provides cost-share assistance to participants who in addition implement practices to preserve and enhance wetlands and wildlife habitat.

(b) to encourage farmers to use resource-conserving practices, such as crop rotations, on their cropland. Allows farmers with approved plans to retain program base, yields, and deficiency payments.

(8) Establishes an Office of Environmental Quality within USDA to help evaluate the effects of agriculture programs on the environment and to assist the Department in coordinating and monitoring efforts to improve environmental quality.

(9) Provides authority for loans to aid in implementing farmland conservation practices. Extends and increases funding authorization for the Great Plains Conservation Program, a rangeland improvement program. Provides for promoting tree planting on CRP and marginal lands to aid in protecting water quality and the environment. Creates state technical committees to aid in the implementation of Federal conservation programs and practices in each state.

Title XVII—Food Stamp and Related Provisions

The bill amends the Food Stamp Act of 1977, the Temporary Emergency Food Assistance Act of 1983 (TEFAP), the Hunger Prevention Act of 1988, the Agriculture and Consumer Protection Act of 1973, the Agriculture and Food Act of 1981, the Food Security Act of 1985, to reauthorize through fiscal year 1995 the Food Stamp Program and the various commodity donation programs, including TEFAP and the Commodity Supplemental Food Program.

The bill—

(1) reduces childhood hunger through expanded food stamp benefits and changes in program operations;

(2) expands benefits for the near-homeless and homeless;

(3) encourages self-sufficiency among food stamp recipients;

(4) simplifies administration of the food stamp program;

(5) promotes coordination between the food stamp program and other assistance programs;

(6) addresses the particular problems associated with hunger in rural areas;

(7) promotes access to food stamps among the elderly and disabled;

(8) increases the integrity of the food stamp program;

(9) increases the use of computer technology to improve food stamp program administration; and

(10) strengthens commodity donation programs by increasing opportunities for distribution and the amount of commodities distributed.

Title XVIII—Improvement of the Agricultural Economy

Title XVIII contains a number of measures to improve the United States agricultural economy. These include—

measures to improve United States grain quality.

amendments to improve cooperation in the eradication of plant and animal pests.

authorization of debt for agricultural development exchanges for projects of mutual benefit to United States and host countries' agriculture.

on-farm education and assistance for farmers with disabilities.

emergency grants for low-income migrant and seasonal farmworkers.

PURPOSE AND NEED

INTRODUCTION

Food security—society's need for a reliable supply of food—is a national asset that Americans today seem to take for granted. Many think their groceries originate in the supermarket with no idea of the farmer's contribution to feeding our country. That is not the case for the people of Eastern Europe or the Soviet Union where the lack of food has been an impetus for the dramatic political and economic changes of the past year.

The American farmer's productivity and efficiency is the foundation of the world's largest and most efficient food production system. Our Nation's agricultural sector is the envy of the world. American consumers spend less than 12 percent of their disposable income on food—the lowest in the world and half of what was spent 50 years ago.

Our Nation cannot afford to take either food security or the American farmer for granted, not even today with all of our modern technology.

The Food and Agricultural Resources Act of 1990, H.R. 3950, has many specific objectives, but just one overriding goal: to foster an economic climate in which the largest possible number of efficient American farmers can survive, prosper, and produce a safe, adequate and affordable supply of food and fiber for American consumers and the millions around the world who depend on American agriculture to eat each day.

But agricultural policy is an increasingly complex policy area, encompassing economic, political, and social goals. The proposed policies and programs contained in H.R. 3950 affect virtually every aspect of the Nation's well-being: food and fiber production, resource conservation and environmental quality, human nutrition, export promotion and overseas food aid, agricultural research, and domestic food assistance.

What Congress does in the area of agricultural policy must recognize the vulnerability of American farmers to agriculture's inherent instability and other nation's trade policies. When the farmer suffers hard times, so do the agricultural supply industries and the businesses of rural America. With a quarter of our population living in rural America, instability in the agricultural sector shakes the foundations of our whole economy. This was certainly the case when the last major review of U.S. agricultural programs and policy occurred in 1985. American farmers and much of the agricultural economy at the time were in the midst of its worst economic crisis in 50 years.

When the 1985 Farm Bill was written, farm income was down, farm foreclosures were up, and foreign markets—long dominated by U.S. farm commodities—were being lost to other countries. Government stockpiles of farm products were growing, as were U.S. taxpayer costs. The value of farmers' assets—particularly land—

plummeted, leaving many farmers who had incurred high debt loads on the basis of the high expectations of the 1970's were on the brink of bankruptcy.

Congress responded to this crisis with passage of the Food Security Act of 1985. This legislation sought to stabilize farm income, balance crop production with demand, make U.S. agriculture's more competitive in the world market, and ushered in far-ranging resource conservation policies. The Food Security Act of 1985 was more market-oriented than previous laws. But it pursued this long-term goal with a short-term objective of ending the farm crisis by providing income support for farmers.

Farm program costs escalated during the transition from the 1981 Farm Bill to the new policies of the 1985 Farm Bill, peaking at nearly $26 billion in fiscal 1986. But beginning in 1987, the farm economy began to recover and Federal outlays have declined—as the Committee intended. Today agriculture spending is less than 50 percent what is was in 1986.

Today the economic situation for most of U.S. agriculture has greatly improved, even though our Nation has experienced two successive widespread droughts in 1988 and 1989.

U.S. agricultural exports are rebounding in volume, dollar value, and in market share. Increased exports and gains in domestic use have reduced excessive surplus stocks and the need for large annual acreage reduction programs which hurt not only our competitive position but also agricultural supply industries. There has been a 16-percent recovery in farmland values since the 1987 low. Farm debt is nearly 30 percent below the 1983 peak.

The Committee believes these improvements in the agricultural economy can be credited to the farm income supports and market-orientation of the Food Security Act of 1985.

H.R. 3950, the Food and Agricultural Resources Act of 1990, is designed to continue many of the successful policies set forth in the 1985 Act. It also fine tunes or establishes new policies to meet the needs of U.S. agriculture and our Nation in the 1990's. The legislation seeks to make farm commodity programs operate more effectively, to provide food assistance for our Nation's needy, to address growing concerns about the environment, and to meet the challenges of the increasingly competitive international marketplace. This legislation meets the needs of American agriculture and the American consumer in the 1990's. And it does so within the severe budget constraints that face our Nation today.

The Committee believes this bill provides a proper balance of the many competing interests of agriculture and our society. The Committee also recognizes that modifications may be needed before this legislation's expiration to meet the changing domestic and international conditions faced by U.S. agriculture and our Nation.

American agriculture has been very successful in increasing its productivity to feed the growing domestic and world population over the past 50 years. Much of that success is due to the Federal Government's long-standing commitment to stabilize the farm economy for the benefit of farmers and consumers. The American people have supported Government programs for agriculture for more than half a century not only because they realize the importance of their food supply but also because they care about the wel-

fare of American farmers, their families and the communities of rural America. This legislation continues that commitment.

PURPOSE AND NEED

TITLE I—COTTON

Cotton is the single most important textile fiber in the world. Grown in about 75 countries, it accounts for about 50 percent of all fibers used. The three largest producers, China, the Soviet Union, and the United States, provide over one-half of world production.

During crop years 1987 and 1988 the United States produced about 20 percent of the world's cotton and used 10 percent. Approximately half of U.S. cotton is exported to foreign textile mills. U.S. exports of raw cotton during crop years 1980–84 accounted for about 30 percent of world cotton trade. Export earnings averaged about $2 billion, or about five percent of the total value of U.S. agricultural exports. Consequently, the health of the U.S. cotton industry is closely linked to the world economy and global textile consumption and trade.

Cotton has been a major cash crop and an important source of foreign exchange in the United States for nearly 200 years. First grown in the United States in the early 17th century, cotton remained a minor crop until 1793 when Eli Whitney invented the cotton gin to separate the seed from the lint. This development spurred production, with most of the lint being exported to textile mills in England. In 1850, nearly 90 percent of lint production was exported, with the earnings offsetting the costs of about two-thirds of all goods imported into the United States.

Cotton lint is used chiefly in clothing and home furnishings, with lesser amounts used in industrial products. The seeds are crushed for oil and the remaining meal is fed to livestock as a protein meal. The short fuzz on the seed, called linters, has many uses, including padding materials, nonwoven fabric, and as a source of cellulose for making rayon, plastics, and other products.

Cotton is currently produced in 17 States from California to Virginia, with major concentrations in the Delta areas of Mississippi, Arkansas, and Louisiana; the Texas High Plains and Rolling Plains; central Arizona; and the San Joaquin Valley of California.

Like most other kinds of farms, there has been a long-term trend to fewer but larger cotton farms in response to economic and technological forces. In 1949 there were 1,110,000 farms growing cotton in the United States, averaging 24 acres of cotton per farm. By 1982 cotton-producing farms dropped to 38,000 and average acreage increased to 256 acres. Cotton acreage per farm increased 87 percent from 1974 to 1982 while the number of farms dropped by 43 percent. However, preliminary data from the 1987 Census of Agriculture indicates the number of farms producing cotton is up about 12 percent since 1982, and the number of acres of cotton per farm is down about 10 percent.

Acres planted in 1987 were slightly less than in 1982, so the increase in number of farms growing cotton was not due to increased area in production. One explanation for the change in the long-term trend toward fewer and larger cotton farms is substantial re-

structuring of farm ownership and operations in response to economic demands to become more efficient by reducing the per-unit-cost of production. Other reasons for restructuring are changes in tax laws and other regulations, including the cotton program.

The Census of Agriculture indicates that about 43,000 U.S. farms harvested cotton in 1987. Upland cotton, the most commonly-grown throughout the world, accounts for about 98 percent of U.S. production. The other two percent is extra-long staple (ELS) cotton, grown mostly in southwest Texas, New Mexico, Arizona, and California.

Much of world and U.S. cotton trade growth in the 1960's and 1970's was associated with development of textile industries in the Pacific Rim countries of Japan, Taiwan, Hong Kong, and South Korea. These cotton-importing countries, with their low labor costs, gained a competitive advantage in manufacturing textile products. However, textile production costs have risen rapidly in these countries and another group of textile exporters have emerged. These newer textile exporters, including China, Brazil, Pakistan, and India, rely predominantly on their own domestically-produced cotton. Since the early 1970's, world trade in raw cotton has grown at only three-fourths the rate of world production.

Even though world production and trade have increased, cotton's share of world fibers has fallen five percent—to 50 percent—during the last two decades. Cotton has lost world market share to man-made fibers, such as polyester, rayon, and acetate, although natural fibers have enjoyed increased popularity in the United States during the late-1980's and cotton's market share here has risen.

During the mid-1980's, with production rebounding from the 1983 drought, cotton stocks grew and market prices settled near the support level. The loan rate served as a price umbrella for our competitors and reduced the demand for U.S. cotton. An objective of the Food Security Act of 1985 was to make U.S. cotton competitive in the world market.

The 1985 Act established farm policy for five crop years, 1986 through 1990. Some major features of past farm acts were retained, including acreage limitations, nonrecourse loans, and target prices, but the 1985 Act vested the Secretary of Agriculture with more discretionary authority in administering annual commodity programs. The 1985 Act provided greater market orientation and more flexibility to promote market competitiveness. It also specified declining minimum target prices through 1990. Loan rates were tied to an average of past market prices with provisions for allowing loans to be repaid at levels below the loan rate if market competitiveness might be hampered by the formula-determined rate.

The basic loan rate for upland cotton in 1986 was set at 55 cents per pound for Strict Low Middling (SLM) 1-1/16-inch cotton. For the 1987–90 crops, loan rates were based on essentially the same formula as used in the 1981 Act: the smaller of (1) 85 percent of the average spot market price during three of the preceding five market years, excluding highest and lowest, or (2) 90 percent of the average of the five lowest-priced growths among the growths quoted for Middling 1-3/32-inch cotton, c.i.f. northern Europe, adjusted downward by the average difference between the northern European prices and U.S. spot market prices of SLM 1-1/16 cotton.

A major new provision of the 1985 Act, the marketing loan, provides a loan repayment plan if the basic loan rate for U.S. cotton is not competitive in world markets. If the world price of cotton, as determined by the Secretary, is below the loan rate, a loan repayment plan must be implemented. The Secretary chooses one of two alternative "market enhancement" plans for repayment of loans.

Under Plan A, the Secretary can lower the producer repayment rate by up to 20 percent, thus allowing farmers to redeem their crops and sell them at a more competitive price. Under Plan A, the repayment level must be announced at the same time the Secretary announces the loan rate (by November 1) and cannot thereafter be changed.

Under Plan B, repayment rates vary periodically during the year to keep pace with world markets. For the 1987–90 crops, if the world price, adjusted to U.S. quality and location (adjusted world price), is below 80 percent of the basic loan rate, a loan repayment level may be set at any level between the adjusted world price and 80 percent of the loan rate.

Plan A was chosen for the 1986 crop, with a loan repayment rate equal to 80 percent of the basic loan rate for each quality of cotton. Plan B was subsequently selected for the 1987–90 crops.

The marketing loan seeks to retain the basic cotton loan program yet keep U.S. cotton competitive in world markets. Under this program, the USDA each week calculates and publishes an adjusted world price (AWP). The AWP is the prevailing world market price of cotton adjusted to U.S. base quality and location. The procedure for establishing the weekly AWP is based on a specified formula developed by the U.S. Department of Agriculture (USDA). Congress gave the Secretary of Agriculture discretionary authority to develop and modify this formula as deemed necessary to keep U.S. cotton competitive.

If the Secretary determines the supply of cotton is excessive, an acreage limitation program or paid diversion program, or both is authorized. The 1985 Act specifies that, to the extent practicable, an acreage limitation program should create a carryover of four million bales of upland cotton.

The 1986 crop was the first under the 1985 Act. The combination of the new program, large foreign stocks, and U.S. stocks of upland cotton in excess of nine million bales initially drove market prices well below loan rates. The AWP plunged to 22-cents per pound. The price drop sparked demand, and cotton exports more than tripled and U.S. mill use rose nearly one-fifth over the previous year. By season's end, prices were well above the loan rate and carryover stocks were nearly halved.

Since the 1986/87 season, the marketing loan's effect on the competitiveness of U.S. cotton in world markets has been at issue. Following the 1986/87 season, exports declined and stocks rose for two successive years. By the start of 1989/90, U.S. upland cotton stocks had reached seven million bales. While U.S. stocks were rising, foreign cotton stocks fell during both years. During this period, U.S. cotton prices on the world market rose above competitors' prices. The objective of the marketing loan was not being achieved. The apparent failure of the marketing loan set in motion a series of in-

dustry proposals and USDA adjustments in the upland cotton marketing loan program.

At the start of the 1988/89 season, USDA made four major changes in the program. First, the transportation component of the AWP formula was changed to more closely reflect actual transportation costs. This change increased the transportation differential that is subtracted from the world price in order to adjust the world price to average U.S. location, thereby reducing the AWP. Second, loan repayments were permitted at the same premium and discount schedule in effect when the cotton was placed under loan. At the time this change was made, current year loan differences from the base quality were being used for certificate redemptions, and these differences were narrower than those in effect when the loan was taken out. Using larger differences effectively lowered the AWP for those cotton types below the base grade. Third, the coarse count adjustment in the AWP formula was modified to make coarse count cottons more competitive. Fourth, the Commodity Credit Corporation (CCC) agreed to pay enough of the interest and warehouse charges on outstanding loans to encourage repayment of loans at the AWP. Other technical changes were also made in the AWP formula.

In October 1989 USDA once again made changes in the marketing loan program to improve the competitiveness of U.S. cotton. In order to reduce the incentives for storing cotton for 18 months, producers are now required to pay storage and interest charges for the loan extension period on cash loan repayments. Producers must also pay storage charges for the loan extension period and a $1.00 per bale handling change on forfeited cotton. In addition, the AWP formula was changed. When the AWP is within 15 percent of the loan rate and U.S. cotton prices in northern Europe exceed the five lowest-priced competitors' cotton, the AWP may now be reduced by up to the amount that the U.S. price exceeds foreign prices.

The Committee feels that it is essential the AWP accurately reflect the true world selling price of cotton to ensure effective operation of the U.S. cotton program. Under the 1985 Act there were extended periods when U.S. cotton was clearly not competitive, yet USDA refused to alter the AWP formula or take any other action to make U.S. cotton competitive. Although the program is currently being administered as intended by Congress, the Committee has included provisions in H.R. 3950 to ensure U.S. cotton is priced competitively on domestic and world markets.

In the past there has been criticism of the operation of the upland cotton nonrecourse loan program. The Committee feels the 10-month loan with the triggered eight-month extension is an important marketing tool for the producer and should be continued. The loan program should not, however, become a major hindrance to the orderly marketing of cotton. To this end, the Committee has not addressed the conditions of the loan and the manner in which charges are assessed. USDA has been given continued flexibility to make adjustments in these terms in order to respond to changing market conditions and to ensure the continued orderly operation of the program. The Committee assumes the loan program will continue to operate under current provisions unless major changes are warranted.

TITLE II—SUGAR

Sugarcane is grown in Florida, Hawaii, Louisiana, and Texas. In 1987/88, the four States harvested 778,300 acres of sugarcane (except seed) that produced 28 million short tons of sugarcane for sugar, or 36 net short tons per harvested acre. Florida accounted for 52 percent, Louisiana 34 percent, and Hawaii 10 percent of the sugarcane acreage, producing 46, 21, and 29 percent of the sugarcane. The remainder was produced in Texas.

About 50 percent of sugarcane is produced from operations vertically integrated from the growing of sugarcane through processing into raw sugar. Another 30 percent is produced by growers who have formed cooperatives and the remainder is produced by independent growers.

Sugarcane was grown on 1,038 U.S. farms in 1988/89, down 355 from 1983/84 (table 5). The largest absolute decline in sugarcane farms has been in Louisiana. Farm numbers are from cost-of-production surveys conducted in 1983/84 and 1988/89.

The average size of sugarcane farms increased from 523 harvested acres in 1983/84 to 765 acres in 1988/89. Average farm size in 1988/89 ranged from 305 acres in Texas to 3,339 acres in Florida where several large sugarcane processors produce their own sugarcane.

Most U.S. sugarcane production and harvesting operations are mechanized. In Florida, however, about two-thirds of the sugarcane is cut by hand.

In the United States, there are 20,334 full-time job equivalents in sugarcane cultivation, with over $309 million in annual wages. Unlike sugar beet farming, it is doubtful whether more than a minor proportion of the labor employed on sugarcane cultivation would ever be absorbed in agriculture if sugarcane ceased to be cultivated. The U.S. cane milling industry provides total employment equal to 6,784 full-time job equivalents with total wages paid of over $169 million. The total value of sugar and by-products produced from sugarcane is more than $1.5 billion. The total value of the direct and indirect income earned by the sugarcane industry is estimated at over $3.8 billion and the industry-wide aggregate employment created is estimated at over 57,000 full-time equivalent jobs.

In addition, the cane sugar refining industry, which refines the raw sugar produced by sugarcane processors, operates 12 refineries in eight States, California, Florida, Georgia, Hawaii, Louisiana, Maryland, New York, and Texas. The cane sugar refining industry provides year-round employment for over 5,000 people, and generates a payroll of over $150 million.

Sugar beets are grown in 14 States. The leading States, Minnesota, California, North Dakota, and Idaho, accounted for 68 percent of the acreage and 70 percent of the 1987/88 sugar beet production of 28.1 million tons. Growers planted 1.27 million acres of sugar beets for the 1987/88 crop and harvested 1.25 million acres, at an average yield of 22.4 tons of beets per harvested acre.

Sugar beets were grown on 9,893 farms in 1988/89, an increase of 118 from 1983/84. Sugar beets compete with various other crops for resources in the farming operations of most sugar beet producers.

Most sugar beet growers plant sugar beets in a 3- to 5-year crop rotation with other crops. The average area for sugar beets harvested per farm increased from 108 acres in 1983/84 to 131 acres in 1988/89, ranging from 52 acres in Ohio to 214 acres in Oregon.

The U.S. sugar beet farming industry contributes the equivalent of 25,900 full-time jobs. If sugar beets ceased to be farmed in the U.S., it is estimated that there would be a net loss of over 11,000 full-time equivalent positions. The sugar beet processing industry provides the equivalent of 11,249 full-time jobs generating total wages of over $265 million. The total value of sugar and by-products produced from sugar beets is over $1.7 billion. It is estimated the U.S. sugar beet industry generates a nationwide direct and indirect employment total ofover 90,000 jobs. The direct and indirect income generation within the U.S. beet industry amounted to $4.4 billion in 1987.

The sugar program is important not only to the sugarcane and sugar beet growers and processors but also to U.S. corn growers and the corn sweetener industry since it insulates the U.S. market from the very volatile and often depressed world sugar market. Today corn sweeteners account for slightly more than half of total U.S. sweetener usage. These include glucose, dextrose, high fructose corn syrups (HFCS), and crystalline fructose.

The rapid expansion in HFCS consumption in the United States during the period 1975 to 1985 has been a dominant factor impacting the domestic sweetener market. By 1988 U.S. consumption of HFCS equaled 5.8 million tons raw sugar equivalent, having taken over almost all of the nation's rapidly expanding nutritive soft drink market. A new product, crystalline fructose, emerged on the market in 1987 but its higher cost and hygroscopic qualities appear likely to limit it to a niche market.

By 1987 some 546 million bushels of corn were used for sweetener production in the U.S. The economic impact of HFCS demand on the price of corn has been estimated as high as 25-cents per bushel, according to a University of Illinois study. Corn milled for sweeteners represents the production on some 4,571,000 acres, generates some 69,000 jobs and $1.079 billion in income. Employment in corn wet milling plants for the production of sweeteners alone in 1987 involved more than 7,000 workers with more than $230 million in wages. Indirect employment and income impact of the corn wet milling industry adds up to almost 18,000 jobs and more than $6.7 billion in income. The U.S. Department of Agriculture (USDA) estimates corn utilization for sweetener use reduces Government outlays by $500–$700 million annually for the corn program.

The Government has a long history of involvement in the sugar trade. Throughout the colonial period and into the early 19th century, financing Government operations was the principal objective of sugar legislation. The nature of Government intervention in sugar marketing changed significantly near the end of the 19th century as the rationale shifted from generation of revenue to protection of a domestic industry. The Louisiana Purchase in 1803, had given the United States its first opportunity to produce sugarcane, and the establishment of a sugar beet industry in the 19th century were major forces that brought about this change in Government policy.

In 1890 Congress, recognizing the importance of maintaining and encouraging the domestic sugar industry, and in response to the influx of foreign surplus production at prices below the cost of production for many domestic producers of sugarcane and sugar beets, passed legislation designed to protect domestic producers through the payment of a bounty. In 1894, this protection evolved into an ad valorem duty on imported sugar. This sugar tariff program remained in force until 1934.

World sugar production expanded rapidly in the early 20th century and brought about an extended period of low world sugar prices in the 1920's and 1930's. U.S. sugar producers were in acute economic distress because the protection previously provided was no longer effective.

As a consequence, the Sugar Act of 1934 was adopted which provided the framework for U.S. sugar policy for the next 40 years. Sugar policy, as provided in the 1934 Act, sought to preserve within the United States the ability to produce a substantial portion of the nation's sugar requirements. Protection, including quotas on imports, was provided because it was considered unlikely that much sugar would be grown in the United States if domestic producers had to compete in the world market with sugar produced with cheap labor or under subsidy in other countries.

Throughout the 40-year history of the Sugar Acts, the United States was assured a healthy domestic production base, adequate levels of sugar from foreign suppliers, and stable prices. When the Sugar Act expired in 1974 and we returned to the world market for a major part of our sugar, the situation changed. We were prey to the wild and cyclical fluctuations characteristic of the world market.

After the record high levels of world sugar prices due to a world shortage in 1974 and 1975, a sugar surplus developed and prices rapidly fell. Since U.S. prices were no longer insulated from the world market by the Sugar Acts, U.S. market prices dropped sharply from a high of about 60 cents per pound in November 1974 to less than 10 cents per pound in the latter half of 1977.

During 1977 and 1978, a price support program for sugar was in effect, mandated by Congress as a part of the 1977 farm bill. A loan program was continued by the Secretary of Agriculture for the 1979 crop under authority of the Agricultural Act of 1949. However, from this period until the adoption of the sugar program in the 1981 Farm Bill, there was no price support program available for sugar producers, and sugar prices fluctuated widely, reaching levels above 40 cents per pound in late 1980 before falling to less than 20 cents per pound by April 1981.

The Agriculture and Food Act of 1981 mandated a price support program for domestically-grown sugarcane and sugarbeets for the 1982 through 1985 crop years. This provision established a nonrecourse loan program, with a loan rate established at 17 cents per pound, escalating to 18 cents for the 1985 crop. In implementing this program, USDA established a market stabilization price (MSP), which is considered to be the minimum market price required to discourage forfeiture of sugar to the Commodity Credit Corporation (CCC) and thus avoid budgetary outlays. The program has been administered through a system of import duties, fees, and

country-by-country quotas, established by Presidential Proclamations (under existing section 22 and Tariff schedules authority). These mechanisms successfully prevented all but minimal forfeitures to CCC, thus avoiding costly budgetary outlays.

The sugar program of the Food Security Act of 1985 provides price support through nonrecourse loans for domestically-grown sugarcane and sugarbeets for the crop years 1986 through 1990. Unlike other commodity programs, loans are made to processors and not directly to producers. This is because sugarcane and sugarbeets, being bulky and very perishable, must be processed into sugar before they can be traded and stored. Sugarbeets are processed directly into refined sugar, while sugarcane is milled into raw sugar and then marketed to cane refiners for further processing. When processors sell the sugar, growers share in the returns.

Raw cane sugar and refined beet sugar are used as collateral for loans obtained from the CCC. To qualify for loans, processors must agree to pay producers the USDA-established minimum price support levels based on the loan rates for sugarcane and sugarbeets. Growers generally receive about 60 percent of the loan or sale proceeds of the sugar and processors 40 percent, but the exact arrangements vary by contract.

The Food Security Act of 1985 specified the minimum national loan rate for sugarcane at 18 cents a pound for raw cane sugar, with sugarbeets to be supported at a level "fair and reasonable" in relation to the loan rate for sugarcane.

USDA each year calculates the Market Stabilization Price (MSP). This is the price USDA determines must be achieved to ensure that sugar under loan is not forfeited and the program is operated at no cost to the Government.

To maintain U.S. prices at or near the MSP, USDA estimates the domestic demand for sugar and then limits supply. No limit is placed on domestic production, but imports are restrained by a quota. Without the quota, low-priced sugar in the world market would flood the U.S. market and undercut the MSP.

The size of the import quota each year is determined on the basis of estimated demand for sugar in the U.S. market and domestic supplies. Conditions can change, however, and the quota can be revised.

The sugar support program under the 1985 Act has generally operated without any sugar being forfeited to the CCC, and, thus, at no cost to the taxpayer. Under the loan program for fiscal 1987 through 1989, an average 1.6 million tons or 46 percent of the sugar beet crop was placed under loan at a value of $602.5 million, and 765,500 tons or 22 percent of the sugarcane crop was placed under loan at a value of $267.9 million. However, market prices were sufficient to encourage processors to sell their sugar in the marketplace and redeem their sugar held as loan collateral by the CCC. All loans were repaid to the Government with interest. Some revenues were also generated for the Government through minimal import duties on sugar imports from non-GSP countries.

Sugar beet and sugar cane farmers produce and sell their crop to a processor under a contractual arrangement with the assurances of the benefits due the producers under the sugar support program. The Committee is concerned that producers of sugar beets and

sugar cane be assured the full benefits from the price support program in the case of processor bankruptcy or insolvency. If such conditions or circumstances or processor bankruptcy or insolvency occur, the Secretary should adhere to Section 401(e) of the Agriculture Act of 1949 (7 U.S.C. 1421(e)) as amended.

As a result of increased usage of corn sweeteners and an increase in domestic sugar production, imports of foreign sugar have declined under the 1985 Act. The Committee believes it is important to ensure sufficient throughput to maintain a healthy cane refining industry and to ensure continued access to the U.S. market by traditional foreign suppliers. Therefore, H.R. 3950 gives the Secretary of Agriculture authority to impose a system of domestic marketing controls for U.S. sugarcane and sugarbeets.

Our need for a domestic sugar program grows out of the extreme volatility of the world sugar market, resulting in extremely wide price fluctuations. In fact, sugar prices are among the most unstable in international trade. This price instability is the greatest threat to our domestic growers and is, in the long run, also harmful to consumer interests.

The domestic industry cannot survive if it is left to the vagaries of the so-called free world market, which in reality is a residual "dump market."

Almost all national governments intervene in sugar trade, not only because sugar is a staple commodity that enters a wide array of manufactured products, but also because of its sizable investment requirements and role in generating employment and foreign exchange. However, the global impact of extensive protection has narrowed the scope of the world free market, caused world prices to be more unstable, and impeded the potential for fast adjustment of supply and demand to price signals.

Two notable examples of supported sugar prices relate to Cuba and the European Community (EC). Cuba in recent years has been selling 3-5 million tons of raw sugar each year to the Soviet Union at an estimated 30-40 cents a pound, compared with average annual world prices of 10.2 cents in 1980-88 and less than seven cents in 1984-87. The EC, formerly a major net importer of sugar, has used high internal price supports for sugar consumed domestically to finance sugar exports at prices below the cost of production.

The world market for sugar represents only a small part of world production. Over 70 percent of world sugar output is typically consumed in the producing countries, usually at government-regulated prices. Another part is exported under bilateral long-term agreements or preferential terms such as the U.S. sugar quota and the EC's Lome Agreement. Only about 15 percent of world sugar production is freely traded in international markets, largely as a residual after domestic needs and preferential sales are satisfied.

Only 15-18 million tons of sugar are traded in the very thin residual, or "dump" market annually. Moreover, of that amount, the EC exports roughly one-third or more than five million tons. In fact, due to a system of subsidies, the EC has increased their production from 9.2 million metric tons in 1974 to over 15 million metric tons in 1989. From a net importer of sugar in 1976, the EC

has become the second largest exporter of sugar in the world, after Cuba.

The increase in EC sugar exports is seen as a major factor in contributing to the decline in world sugar prices. It has been estimated that without the subsidized surplus sugar from the EC dumped on the world market, the price of raw sugar on the world market would be well above the U.S. support rate.

The small and largely residual nature of the world sugar market puts extreme leverage on prices. In years of overproduction, prices plummet due to surplus sugar being dumped into this very thin market. Excess supplies then usually lead to a long period of stagnated production which, with gradual increases in world demand, leads to a new cycle of future shortages and spiraling prices.

Raw cane sugar must be refined before use as food for human consumption. The Committee is concerned that cane sugar refining capacity should not be further impaired. To assure refineries supplies to permit efficient operation, the Committee encourages the Secretary to continue a properly supervised import/re-export program for sugar.

The Committee is of the view that although the loan level contained in this bill is a minimal level—below the average cost of production for our domestic producers—it will nonetheless provide a basic safety net for our producers and processors which will help them remain in business, thereby maintaining a viable domestic sugar-producing industry and assuring supplies of sugar at stable prices for our consumers and users.

TITLE III—RICE

H.R. 3950 extends the basic framework of the rice program contained in the Food Security Act of 1985, with modifications designed to better serve the U.S. rice industry.

The U.S. rice industry is unique in many ways, with production in this country largely confined to six States—Arkansas, Mississippi, Louisiana, Texas, California, and Missouri—with a small amount of acreage in Florida. Production is generally limited to these areas by the combination of soil, water, and climate. Rice is grown under flood irrigation. Its production is highly mechanized and requires large capital investment in irrigation facilities and machinery. In fact, rice is the most capital-intensive of all major crops, with entry costs for rice producers higher than for producers of other crops.

Practically all U.S. rice is processed before it is sold to the domestic or export market, in contrast to many other commodities in which a substantial portion is used domestically or exported with little or no processing.

Very little rough and no milled rice is used as a livestock or poultry feed. Direct food use in the largest domestic outlet, averaging about 60 percent of total domestic disappearance. Beer accounts for about 20-25 percent, and processed foods the remainder.

Three classes of rice are produced in the United States, and there is relatively little substitution among those classes for most users of rice. A supply-demand imbalance in the market for one class of rice may mask balance in the market for another.

In the United States, rice is referred to by length of grain: long, medium, or short grain. Other terms commonly used, especially in the world rice trade, are indica, glutinous, japonica, and aromatic. Indica rice is long grain, while glutinous and japonica refer to the shorter grains. For final use, different grains are generally unsubstitutable. Aromatic rice varieties comprise a negligible, specialty portion of world rice production; their production is generally confined to the countries with a specific preference for them.

There are also proportionately fewer full-owners of rice farms than other farms. Less than one-fourth of rice farm operators are full-owners, and roughly half are part-owners. The difference in tenure between producers of rice and other crops may largely be explained by the high cost of entry into rice farming.

Rice is very capital-intensive, as demonstrated by the value of land and buildings, machinery, and equipment. In 1987, the value of land and buildings for all farms averaged $289,000, according to the Census of Agriculture. But for rice, this figure was about $854,000 per farm. The Census reported that for all farms, average machinery and equipment value was about $41,000. In contrast, the value of rice farm machinery was four times higher at $123,800. These data suggest that entry costs are higher for rice producers than for other crop producers. It also helps explain why there are fewer full owner-operated rice farms than other crop enterprises.

Domestic use of rice is small compared with other grains. Very little rough and no milled rice is used as a livestock or poultry feed. Direct food, processed food, and beer comprise the domestic outlets for rice, which have more than tripled since 1950. Domestic use of rice (rough-equivalent basis) has increased from less than 18 million hundredweight (cwt) in market year 1950 to over 55 million cwt in market year 1987/88.

Approximately 90 percent of the world's rice is produced in Asia. The People's Republic of China alone harvests almost 40 percent of the global crop. But unlike the U.S. crop, only half of the Asian crop is irrigated. Thus, almost 45 percent of the world rice harvest depends on the critical timing of the Asian monsoon. Weather fluctuations in just one major rice consuming or exporting country can significantly shock world trade volume and patterns, and prices.

Rice accounts for about a fifth of the world's grain consumption. Although much of the Western and developed world relies on wheat as their principal food grain, rice remains a primary staple in Asia's developing countries. Rice provides about 40 percent of the calories of the average Asian diet. China alone accounts for nearly 40 percent of total world consumption. China, India, and Indonesia account for almost two-thirds of the world's rice consumption. Asia accounts for about 90 percent of world rice consumption.

Despite the importance of rice as a food staple for a third of the world's population, most rice is consumed in the country in which it was produced and the volume traded on the world market is small. Between 1983/84 and 1987/88, only about 12.4 million tons—or less than four percent of production—was traded. This compares with 18- to 19-percent for wheat. Moreover, 70- to 75-percent of world exports are supplied by just five countries: Thailand, the United States, Burma, Pakistan, and China. The United States and Thailand normally account for over half of the rice exported.

The world rice market is both volatile and risky because of the weather uncertainty, the concentration of trade among a few key countries, and the relatively small volume of production entering world trade. These characteristics have led many governments to intervene in their domestic rice markets to ensure adequate food supplies at politically acceptable prices. These policies have distorted trade patterns and reduced traded volumes. Over the years, trade patterns have changed frequently and sometimes drastically, as growing conditions and government policies shifted a country from a net importing position to temporary self-sufficiency or, in the extreme, to a net exporter position.

Government involvement in the rice market is usually aimed at ensuring domestic stability. However, the policies enacted typically affect the world market also, as governments attempt to estimate the appropriate level of stocks to maintain, subsidize domestic production, provide some domestic food rations, restrict or ban imports, or subsidize exports. Hence, some countries' producers and consumers (for example, in Indonesia, Japan, and South Korea) are less responsive to changes in the world price. Finally, since many importing and exporting countries are developing nations, foreign exchange problems are more likely to beset them and cause them to substantially reduce imports or shift suppliers. Factors accounting for recent variations in the volume of world rice trade have included exchange rate fluctuations, declining oil revenues, high real interest rates, the prevalence of government-to-government trade, and export subsidies and discounting of announced prices.

Thus, the world rice market is inherently unstable with respect to price and sources of demand and supply. With a limited number of exporters, one unexpected or new buyer can have dramatic consequences on trade volume and prices. A sudden downturn in demand of a key importer, or an unexpected seller caught with a large surplus and inadequate storage, will cause equally sharp price swings. Errors by governments in executing food policies, such as self-sufficiency at any cost, also contribute to price variability. Finally, no country plays the role of residual supplier for rice as the United States does for wheat and corn.

There is no single world market price recognized by traders due to the lack of uniform grades and standards. The price of rice depends on specific quality characteristics of the rice. And because consumer preferences can exert a powerful influence over demand, prices for different types or qualities move somewhat independently of each other based on the supply-demand factors for that market.

Governments play a large and growing role in world rice trade. In most lower-income developing Asian countries, governments attempt to assure adequate supplies at low retail prices, especially in urban areas. But this type of price policy often conflicts with farm income and employment in countries where rice farmers represent a significant share of the population. These two objectives often imply tight reins on both domestic production and trade by the government. A government monopoly will typically purchase all the domestic rice that meets a given standard at a specified price often below the border price. The government will typically supplement this with imports to assure stable retail prices at or below a

preset level. Many lower-income developing Asian countries provide producers with subsidies for various inputs such as fertilizer, fuel, and credit to help compensate for farm prices below cost of production.

Higher-income developing Asian countries, such as South Korea and Taiwan, and developed countries typically set producer prices above the world level and restrict or ban imports. Consumers bear most of the cost of these programs. Farm income, food security, and foreign exchange policy objectives tend to dominate in these countries. Consumers in South Korea, Taiwan, the European Community, and especially Japan pay prices substantially above world levels to support domestic production. This myriad of programs is reflected in the very limited role the private trade plays in the world rice market.

Of the 12 million tons of rice traded in 1983, government agencies imported over 60 percent, or 7.2 million tons. Government agencies exported about 46 percent of all rice exported in 1983, about 5.6 million tons. Except for Thailand, which removed its export tax in January 1986, government involvement is also becoming more pervasive. Thailand, the world's current leading exporter, sells an average of 25 percent of its rice through a government agency, although the amount has been as high as 40 percent in some years, depending on domestic conditions. Even in countries where sales transactions are made through private parties (such as the U.S., Italy, and Spain), government subsidies play a big role in export volumes.

Government involvement varies widely in form but generally adds to international instability by treating the rice market as a residual source of supply, sharply varying the amount of rice imported from year to year. In addition, government purchasing agencies are often slow to anticipate needs and slow to act on them. Although government policies add to world rice market instability, the policies are more a reaction to instability and thinness caused by weather than the primary cause. The importance of the timing of the Asian monsoon to almost half the world's rice producers is the primary cause of market instability. The thinness of traded volumes compared with other agricultural commodities is sometimes more a reaction to instability than a cause of instability.

The U.S. normally produces about two percent of the world rice crop. In 1983/84, because of a 30-percent decline in production induced by the payment-in-kind program, the U.S. crop accounted for just one percent of the world's production. However, the U.S. still accounted for almost 20 percent of world exports that year. While the U.S. rice crop is insignificant compared with world production, its impact on trade is large. Moreover, U.S. rice is a source of production stability in an often volatile, unreliable world rice market. The entire U.S. crop is irrigated, assuring more stable yields and, when combined with large stocks, more stable supplies. Production capacity is resilient and far outweighs domestic requirements. Hence, large increases in output are possible in a relatively short period of time. These factors make the United States a more important player in the world market than its production or even its export share suggest.

Exports under government programs, primarily P.L. 480 and other aid programs, accounted for 32 percent of total U.S. exports in calendar year 1985, but only 12 percent in 1986. The marketing loan provision of the Food Security Act of 1985 made U.S. commercial exports more competitive, thus reducing use of P.L. 480. Although currently larger in absolute volume, P.L. 480 shipments now account for a much smaller share of U.S. rice exports than in the 1950's, 1960's, and early 1970's.

The Agriculture and Food Act of 1981 eliminated acreage allotments and marketing quotas for rice and made the rice program analogous to those for other grains. Rice farmers previously received deficiency payments on allotment production, regardless of actual production. However, allotments no longer reflected actual planting patterns. In disposing of allotments, the 1981 Act based deficiency payments on production from permitted plantings. Target prices were no longer adjusted by the formula based on rice production costs, but minimum target levels were established. The loan rate was to be adjusted by the same percentage as the target price, but could be lowered to a minimum of $8.00 per cwt if rice stocks were excessive or exports discouraged.

The acreage reduction program was introduced as a more specific acreage control method than the set-aside provision. When in effect, an acreage reduction program required land to be diverted from a farm's rice base acreage and put into approved conservation uses. Compliance was required for eligibility for loans and deficiency payments.

The large acreage expansion in 1981, along with a decline in exports, precipitated a sharp rise in carryover stocks. This resulted in a 15-percent acreage reduction program for the 1982 rice crop. Program compliance was high, 78 percent of the 4-million-acre U.S. rice base. But a continued plunge in U.S. rice exports during the 1982/83 crop year caused rice stocks to bulge further to almost 72 million cwt. In 1983, there was a 15-percent acreage reduction program, a 5-percent paid land diversion, and an additional 10- to 30-percent payment-in-kind program for rice. Prospects for a large deficiency payment rate and the attractive payment-in-kind program, under which payments did not count against the payment limit, helped boost program enrollment to 98 percent of the 4.1-million-acre rice base. U.S. production declined by 50 million cwt and stocks declined 25 million cwt. At the same time, world rice production increased. Without acreage control, supplies would likely return to excessive levels again in 1984/85, so a 25-percent acreage reduction program was announced for 1984 rice. Farm prices were substantially below the target price during 1983/84, encouraging a high program enrollment rate of 87 percent in the 1984 program, despite the large acreage reduction requirement and the lack of a paid diversion.

The Food Security Act of 1985 was enacted under the general feeling that farm programs cost too much, nearly $18 billion in fiscal 1985, and must be brought under control. There was a consensus that the health of U.S. agriculture depended upon its ability to become more competitive in world markets and that price support levels should be set more in line with market-clearing prices, instead of being rigidly legislated by Congress as in the 1981 Act.

These considerations were tempered by concerns about the financial distress facing many farmers that would be compounded by the short-term price-depressing effects of a market-oriented farm policy in the short run. Many farmers were encouraged to expand their farming operations in the late 1970's by obtaining large loans. The onset of declining commodity prices soon after 1980 when export markets weakened caused the value of farmland to fall. As a result, many farmers developed cash-flow problems and some even had their farms foreclosed. Farmers' net cash-flow reached a record low $30.2 billion in 1985, compared with $43.8 billion in 1979.

The 1985 Act was a compromise between a desire to make U.S. agriculture more competitive in world markets through lower loan rates in general—and the lower marketing loans for rice and cotton in particular—and an immediate need to continue farm income protection via frozen target prices and larger deficiency payments.

Unlike the 1981 Act in which minimum loan rates were rigidly legislated by Congress, the 1985 Act contained provisions for lowering the loan rate for rice to $7.20 per cwt for the 1986 crop, a 10-percent decline from $8.00 in 1985. For the 1987–90 rice crops, minimum loan rates were to be the higher of: (1) 85 percent of a 5-year moving average marketing prices, excluding the highest and lowest prices; or (2) $6.50 per cwt. However, loan rates could be reduced by no more than five percent from the preceding year.

A new marketing loan was also provided for in the 1985 Act. The Secretary was granted authority to implement marketing loans for grains, upland cotton, and soybeans but was required to implement them for rice and cotton if the world price were below the announced loan rate. For rice, the 1985 Act permitted producers to repay Commodity Credit Corporation (CCC) loans at the lesser of the loan rate or world market price, but not less than a specified portion of the loan rate. For the 1986 and 1987 programs, rice producers were permitted to repay loans at the world market price, but not below 50 percent of the loan rate. The minimum loan repayment rate was set at 60 percent of the loan rate for 1988, and 70 percent for 1989 and 1990.

Section 1005 of the Food Security Act of 1985 authorized the Secretary to make in-kind payments in the form of generic certificates to farmers as payment for participation in numerous Government programs. These programs included the acreage reduction, paid land diversion, and conservation reserve programs as well as the rice marketing loans, disaster, and emergency feed programs. In addition, grain merchants and commodity groups have been issued certificates through the export enhancement program and the targeted export assistance program. Generic certificates were also made available under the 1985 Act to producers selling rice or repaying price support loans when the world price for rice was below the current loan repayment rate. The payment rate was set equal to the difference between the loan repayment rate and the world price.

The 1985 Act also froze the 1986 minimum target price at the 1985 level, $11.90 per cwt, and set the minimum 1987 through 1990 target prices at declining levels. The target prices provide a basis from which direct payments are made to eligible producers if the

national weighted average market price received by farmers for the first five months of the market year (August through December) falls below the target level.

When the loan rate is set high enough to become a price floor, U.S. competitors benefit. They increase production and export the surplus, or they undercut U.S. prices and increase market share, or both. The United States has lost a good portion of its market share to Thailand since 1980 due largely to this phenomenon. Thailand has abandoned many of its previous controls on exports and production has increased. Thailand's rice is comparable in quality to U.S. rice. This was not always the case. But the price gap between Thai and U.S. rice, once justified on quality differences, grew significantly in the early 1980's and the effect on U.S. exports became very evident. The loan rate acted as a price floor for U.S. rice and allowed other exporters to undercut U.S. exporters. As a result, the U.S. market share declined from over 23 percent in 1980 to less than 17 percent in 1985. The marketing loan provision of the Food Security Act of 1985 freed up U.S. export prices from the loan rate and enabled the United States to regain some of its lost market shares.

The implementation of the marketing loan enhanced U.S. competitiveness in world rice markets by breaking the link between the loan rate and U.S. export price. The marketing loan program made more U.S. rice available for export and narrowed export price differentials between the United States and other exporters. As a result of the marketing loan, the export price differential between the United States and Thailand declined drastically from as high as $260 per metric ton in early 1985 between U.S. number 2 milled rice (4 percent broken) and Thailand 100 percent grade B rice to less than $105 by late April 1986, and below $53 by August 1986.

The Committee believes the marketing loan program has proven to be an effective and efficient domestic and foreign marketing tool for U.S. rice. The Committee urges USDA to continue to administer the rice marketing loan program in a manner that ensures that U.S. rice will be competitive on world markets. The adoption of a carry-over target based on a 16- to 20-percent stocks-to-use ratio should achieve a more suitable balance between U.S. rice supply and demand by linking that target level to changing market conditions.

TITLE IV—DAIRY

General

H.R. 3950 is designed to continue the relative supply/demand balance in the dairy industry and foster an economic environment that makes profitability possible for the nation's milk producers.

Government surplus purchases have fallen from 12.3 billion pounds, on a milkfat milk equivalent basis, in fiscal 1986 to a projected 7.8 billion pounds in fiscal 1990. In addition, net Government expenditures on the dairy price support program have decreased from $2.3 billion in fiscal 1986 to an estimated $650 million in fiscal 1990. However, while Commodity Credit Corporation (CCC)

purchases of cheese and nonfat dry milk have declined significantly, purchases of butter have continued to increase.

H.R. 3950 contains five key provisions. First, the support price level will be set at $10.10 per hundredweight (cwt) on January 1, 1991 and may not go below that level for the duration of this legislation. Second, a supply/demand adjuster, or trigger mechanism, based on the levels of projected CCC purchases, will be used to adjust the support price level. Specifically, the support price level will increase and decrease above the floor of $10.10 depending on the projected levels of CCC purchases during a fiscal year. Third, to more accurately reflect the level of CCC purchases on a milk equivalent basis, the CCC purchases will be measured on a total solids basis. Fourth, by July 1, 1991, the Secretary of Agriculture is required to submit to the Congress a study recommending an inventory management program to be implemented by the Secretary if CCC purchases are projected to exceed specified levels. Among other things, the study shall analyze a two-tier pricing plan, creation of a Class IV, or equivalent inventory management programs,excluding any whole-herd removal or diversion programs as well as any plan relying on producer assessments An inventory management program may not be implemented until January 1, 1992. Fifth, H.R. 3950 directs the Secretary to implement a replacement for the Minnesota-Wisconsin (M-W) price series and any changes that are a result of U.S. Department of Agriculture-announced national milk marketing order hearings by given dates.

Background on the Dairy Price Support Program

The dairy price support program puts a floor under the price of manufacturing grade milk through the purchase of dairy products (butter, cheese, and nonfat dry milk) by the CCC at announced prices.

The dairy price support program does not set milk prices directly. The farm-level price is supported through CCC's purchase of manufactured dairy products at prices set to enable handlers to pay farmers an amount, on the average, no less than the support price. The price actually paid to farmers for manufacturing grade milk is determined in the open market and is free to move above the support level, in response to supply and demand. Manufacturing grade milk prices are collected and reported by USDA as the Minnesota-Wisconsin (M-W) price series.

By undergirding all milk prices, the dairy price support program affects all U.S. milk producers. In addition, approximately 70-80 percent of all milk is regulated by one of the current 42 Federal milk marketing orders whose classified prices are influenced by the M-W. Under Federal milk marketing orders, milk is priced according to how it is used at processing plants. Milk sold for fluid use is in the highest price class (Class I), while milk used in manufactured products is in lower-priced classes.

Class I prices vary from order to order depending on the distance from the Minnesota-Wisconsin region, but all are based upon the Minnesota-Wisconsin series price. Consequently, all producers benefit from the price support program even though little or none of their milk produced may be purchased by the CCC.

During periods of overproduction, stocks are accumulated and stored by the CCC. During periods of declining milk production, these stocks are available for resale into commercial channels, thus preventing disruption in supply and fluctuation in price. This has served to benefit both producers and consumers. Prior to 1977, section 201 of the Agricultural Act of 1949 required the support of the price of manufacturing-grade milk at a level between 75 and 90 percent of parity (as determined by the Secretary) which would assure an adequate supply of milk, reflect changes in the cost of production, and assure a level of farm income adequate to maintain productive capacity sufficient to meet future needs. Parity is a measure of the relative purchasing power of farm products and is defined by law (7 U.S.C. 1301(1)). The Food and Agriculture Act of 1977 raised the minimum support level for two years from 75 to 80 percent of parity and required the support price to be adjusted semi-annually. In 1979, these provisions were extended for an additional two years.

Recent Legislation

In 1981, Congress acted in response to the overproduction of dairy products and the rising cost of the dairy program. In April 1981, the semi-annual price increase required under the 1979 legislation was suspended. Enacted in December 1981, the Agriculture and Food Act of 1981 set the support price at $13.10--the level which it had been since October 1980. This was a major departure from prior price support policy because it removed the linkage between the price support level and the parity index. The 1981 Act set the minimum support at this level and permitted modest annual increases to predetermined levels if CCC purchases failed to decline to stated levels. However, the 1981 Act also authorized a return to a minimum of 70-75 percent of parity when CCC purchases dropped below specified amounts.

With continuing overproduction, the provisions of Title I of the Omnibus Reconciliation Act of 1982 were enacted. This Act froze the support price at the level it had been since October 1980 and the Secretary was granted authority to directly assess farmers to help offset some of the program costs. Producers who reduced their commercial marketings were eligible to receive a partial refund of the assessment.

Even with these actions, milk production continued to expand. In November 1983, the Dairy Production Stabilization Act of 1983 was passed. This law combined decreases in the price support, a mandatory promotion program funded completely by producer assessments, and a milk diversion program. The diversion program offered cash payments to producers to market between five and 30 percent less milk than they had during a historical base period.

The diversion program, along with strong commercial sales, were successful in reducing CCC purchases from a record 16.6 billion pounds to 10.4 billion pounds in fiscal 1984. Although these actions resulted in levels of production and CCC purchases lower than would have been expected without the program, the declines were not permanent. Instead, a variety of economic occurrences aggravated the overproduction including lower feed prices, declining value of cull cows, absence of profitable non-dairy employment al-

ternatives for producers, and a stagnation of demand for dairy products. In fiscal 1985, CCC purchases increased to 11.5 billion pounds, milk equivalent.

In preparation for the Food Security Act of 1985 and because the diversion program was a new dairy concept, the Subcommittee on Livestock, Dairy, and Poultry held hearings to determine the impact of the milk diversion program on the dairy and red meat industries. These hearings indicated support for (1) the continuation of the present dairy price support program; (2) the establishment of a new dairy pricing index to replace the parity concept; (3) the inclusion of a pricing mechanism to link the support price to prevailing supply and demand conditions; (4) the authorization of standby authority for a producer-funded diversion and whole-herd removal program; and (5) adjustments in Class I fluid milk differentials in existing federal milk marketing orders. In response to these concerns, the House of Representatives passed legislation in 1985 which addressed the burgeoning surplus milk supplies.

The program approved by the House authorized the Secretary to adjust the price support level using two mechanisms: (1) an index which measured the cost of production and changes in productivity; and (2) a supply-demand adjustment mechanism. In addition, provisions for another diversion program were authorized. The House-Senate Conference Committee altered the House version and the Food Security Act of 1985 was signed into law on December 23, 1985.

The Food Security Act of 1985 included the following key provisions:

The support price was continued at $11.60 per cwt for calendar year 1986; at $11.35 for the period January 1 through September 30, 1987; and $11.10 for the period October 1, 1987 through December 31, 1990, unless adjusted by the mandated supply-demand adjuster.

A supply-demand pricing mechanism was included to further adjust the support price level. This trigger mechanism required the Secretary to increase or decrease the support price level based on the estimated levels of future CCC purchases. On January 1 of 1988, 1989, and 1990, the Secretary was instructed to reduce the support price by 50 cents if net calendar year CCC purchases were projected to exceed 5.0 billion pounds, milk equivalent, or increase the support price 50 cents if net purchases were projected to be at not more than 2.5 billion pounds milk equivalent. The reductions in the support price were not to occur unless the milk production termination program achieved a reduction in production by program participants of at least 12 billion pounds, or a certification by the Secretary that reasonable offers were made to achieve that reduction, but were not agreed to by producers.

An 18-month voluntary dairy termination program (or whole-herd buyout) beginning April 1, 1986, under which producers exported or slaughtered their entire herds in exchange for federal payment, was mandated. Producers interested in participating in the program submitted bids for payment they were willing to accept in return for their participation. If their bid was accepted, producers were required to cease dairying for

three, four, or five years, as specified by their contract, and slaughter or export their dairy animals, and idle their dairy facilities. The program was funded through deductions of $0.40 per cwt of milk marketed by all farmers from April 1 through December 21, 1986 and $0.25 per cwt from January 1 through September 30, 1987. The law included provisions intended to minimize the adverse effect of the program on beef, pork, and lamb producers.

Changes were made in the minimum adjustments for fluid milk under federal milk marketing orders. Under the legislation, the minimum aggregate adjustment for Class I or fluid milk was raised in 35 of the 44 orders in existence at the time for a period of two years. The increased prices shall remain in effect unless modified by an order amendment. These increases removed the proportional relationship between minimum Class I prices for federal orders and each order's distance from Eau Claire, Wisconsin.

A National Commission on Dairy Policy was established. The Commission's purpose was to (1) investigate new technologies that will affect the dairy industry; (2) forecast changes on the structure of the dairy industry that will be caused by these innovations; and (3) consider revisions to the price support program in light of these projections. The Commission was to report to the Congress by March 31, 1987 with the results of the study and recommendations.

NET REMOVALS

Fiscal Year	Milk equivalent (billion lbs.)	CCC purchase cost (millions dols.)	Effective price support (per cwt.)
1985	11.5	1,820	12.60/12.10/11.60
1986	12.3	2,036	11.60
1987	5.4	956	11.60/11.35
1988	9.7	1,125	11.10/10.60
1989	9.2	611	10.60/11.10/10.60
1990 [1]	7.8	500	10.60/10.10

[1] Projected by USDA

Industry Conditions Since 1985

The nation struggled with burdensome milk surpluses during the early and mid-1980s. Since 1988, several factors have combined to limit U.S. production increases and lower program costs. First, the Dairy Termination Program (DTP) resulted in the slaughter or export of approximately 1.5 million head of dairy cattle. It should be noted that a 1989 study by the General Accounting Office (GAO) concluded that the DTP reduced milk production by 39.4 billion pounds from 1986 through 1990 and CCC purchases by 38.1 billion pounds. The net savings to the Government, as estimated by the GAO, amounted to $2.4 billion. However, GAO indicated that the reduction in milk production appeared to be temporary. This program was successful in reducing CCC purchases to 5.4 billion pounds in fiscal 1987. However, the purchases rebounded to 9.7 billion pounds in fiscal 1988.

Second, in 1988 the Nation experienced its most severe drought since the 1930s. Reduced forage production and the resulting inadequate forage supplies combined with relatively high grain and concentrate prices forcing dairy farmers to further reduce dairy cattle numbers, particularly in the Upper Midwest.

Third, a late spring, poor hay harvesting conditions and insect damaged alfalfa in major dairy regions, namely the Upper Midwest and the Northeast, resulted in poor forage quality for 1989–90. This lower forage quality has meant lower milk production per cow in several dairy States. The combination of fewer milk cows from the DTP and poor milk production performance per cow resulted in milk production in 1989 falling about one billion pounds below the 1988 level.

Fourth, since 1983 commercial milk sales have been favorable, led primarily by excellent cheese sales growth of about four to five percent per year. U.S. demand for dairy products increased sharply during the early and mid-1980s. The price support reductions since 1983 have helped make milk and other dairy products more attractive compared with other consumer foods. However, record high milk prices during 1989 contributed to a slight drop in commercial use of milk compared with 1988.

The combination of stable milk production nationwide and actual reduction in milk production of three to four percent in Wisconsin and Minnesota, along with favorable milk sales, produced record milk prices in 1989. The reduction in milk supplies, but excellent cheese sales resulted in very intense milk plant competition in these two states driving the M–W price series to record levels.

Despite the absence of a milk surplus and record-high milk prices, the Secretary reduced the support price on January 1, 1990 by 50 cents, to $10.10 per cwt, equivalent to $9.88 for 3.5 percent milkfat. The M–W price in early 1990 was $5.05 higher than the support price. It is evident that the dairy industry is vulnerable to changes in milk and dairy product price changes. Because the CCC was expected to continue purchasing insignificant levels of cheese (36 million pounds in 1989), the price support decrease was driven singlehandedly by expected butter purchases.

Although the surplus milk problem has largely been temporarily alleviated, burdensome CCC milkfat purchases are now plaguing the industry. Total CCC purchases and costs have declined since 1988 and the composition of the purchases has changed dramatically. Between 1984 and 1987, the CCC purchased more cheese and nonfat dry milk than butter. In 1988, a shift in CCC purchase patterns began to occur. In 1989, CCC purchased 414 million pounds of butter, only 36 million pounds of cheese, and no nonfat dry milk. This shift in purchases was the result of (1) a decrease in domestic nonfat dry milk supplies; (2) a strong domestic market for cheese; and (3) poor domestic and international butter markets. Nonfat dry milk supplies have decreased due to a combination of increased export opportunities and a 40 percent reduction in U.S. nonfat dry milk production since 1984. The strong domestic cheese market has resulted in increased prices for cheese and, consequently, few sales to CCC. These decreases in CCC purchases of nonfat dry milk and cheese has resulted in minimal, if any, dairy products, other than butter, being available for domestic donation feeding programs.

Over the long term, the dairy industry will continue to face a major and growing excess milkfat problem. The trend in consumption of dairy products towards lowfat items will continue. Lowfat cheeses are capturing a larger portion of that market while fat substitutes have been developed for use in other dairy products such as ice cream. A new product called "light butter," which contains 52 percent butterfat and results in a one-third reduction in calories, fat, and cholesterol is presently the subject of legislation in Congress. In 1988, lowfat and skim milk accounted for 51 percent of beverage milk sales compared to just 35 percent in 1980. Similar trends are occurring throughout the world, resulting in a worldwide excess milkfat problem.

U.S. Dairy Industry, 1990–2000

Recent analyses indicate the industry will continue to face the challenge of excess milk and milkfat production. Some of this increase in productivity reflects an ever-increasing adoption of dairy farm technologies such as artificial insemination, Dairy Herd Improvement (DHIA), three-times-a-day milking, automated feeding, and forage testing. Many dairy industry analysts believe the adoption of the emerging technologies of the 1990's, such as bovine somatotropin (bST), will result in continued increases in milk production per cow. Such increases in productivity per cow and anticipated low feed prices will likely further reduce milk production costs. These factors, combined with the absence of profitable alternatives in agriculture or in off-farm employment, will serve to continue increased milk production. In contrast, commercial sales of dairy products are not expected to increase as rapidly as milk production.

According to a draft report by the Office of Technology Assessment (OTA) entitled, "Impacts of Bovine Somatotropin and Other Emerging Technologies on the U.S. Dairy Industry," the solution to the excess milkfat problem lies in encouraging less milkfat production. Reduced production can be accomplished to a degree, according to the report, through modified feeding practices in the short-term and by breeding for reduced milkfat in the long-run. However, pricing incentives must exist for either of these potential solutions to occur, including pricing on the basis of protein or nonfat solids rather than the current practice of pricing on the basis of milkfat as is done in most markets.

New technologies and products generated by both public and private sector research and development will be introduced during the next decade. OTA expects many of these emerging technologies to result in major improvements in milk production, animal reproduction, health, and management. Much of the growth in new technologies will be the result of biotechnology and information technology. OTA projects the following technologies or products to emerge commercially over the next ten years.

bST

Bovine somatotropin (bST) is a protein hormone normally found in cows. When cows are injected with additional amounts of bST, milk yield per cow increases significantly. Research in the technology of bST has involved scientists and support from federal agen-

cies, universities and private industry. The quantity of published research is unprecedented for a new technology and greater than most dairy technologies in use. Most observers expect the Food and Drug Administration (FDA), the federal agency responsible for testing bST, to approve the product for commercial use sometime in 1990 or 1991.

Reproduction

In its draft report, OTA states that before the year 2000, current animal breeding methods will be replaced, at least in part, with a system in which embryos will be produced through in vitro fertilization of ova from outstanding females with sexed sperm from outstanding males. Conception rates higher than those currently obtained by artificial insemination will be obtained through this system. Further, OTA expects that cloned embryos will be produced and sold. This will allow acceleration of genetic gains and ultimately, improvements in productivity.

Animal Health

OTA expects new, automated diagnostic tests to be introduced in the early 1990's. These tests will allow a positive virus diagnosis to be made much more quickly and inexpensively than currently possible.

Transgenic Ruminants

Genetic progress has depended on selection of animals that have desireable production characteristics. However, characteristics involving many genes and long generation intervals make progress through animal selection slow. OTA states that rapid genetic progress may be possible by introducing DNA containing desireable production genes into embryos. Gene insertion, or transgenic ruminants, is expected to emerge commercially in the late 1990s.

Expert Systems

In the past, successful producers were those that could implement a successful management strategy. However, as OTA notes, with technology changes occurring rapidly, it has become almost impossible for a manager to maintain the proper balance in all areas. Consultants and experts have been utilized to assist producers to make informed management decisions. OTA believes expert systems will allow a producer to bring consultants to the farm via a microcomputer. According to OTA, the technology will provide to the user the ability to interrogate vast areas of new data from which management decisions are made. A user will be able to evaluate alternative management practices through an "expert system" database before he adopts a technology.

Along with increases in productivity caused in part by these technologies, low feed prices will also further reduce the costs to produce milk. Feed prices and, as a result, the costs of milk production were reduced through the provisions of the Food Security Act of 1985. Since feed accounts for nearly 50 percent of the cash costs to produce milk, feed prices are instrumental in the supply of milk. Total cash costs—feed and nonfeed—declined from $10.39 per cwt of milk in 1983 to $9.86 in 1987. Total production costs per hun-

dredweight of milk—cash costs plus economic costs—declined from $12.91 to $11.79 in 1987. Although the 1988 drought caused feed prices to increase significantly, feed prices are expected to remain near those of 1987 for about the next five years.

The increases in productivity the industry will experience in the 1990's will result in increased total milk production. While commercial sales of dairy products are expected to continue to expand, it will not match the pace of milk production increases. Annual net growth in commercial sales of milk (milkfat equivalent) over the next five years is expected to be slightly less than the projected growth rate in milk production.

Need for the Legislation

The Subcommittee on Livestock, Dairy, and Poultry conducted numerous hearings across the country in its effort to develop dairy policy for the future. The Subcommittee also relied heavily on the findings submitted by the National Commission on Dairy Policy, established by the Food Security Act of 1985.

The Commission's report served as a valuable resource to the Committee during its deliberations of the dairy title. Concurring with the Commission, the Committee believes that the U.S. dairy industry, in order to remain competitive with other nations, must incorporate new technology, promote research, and adopt beneficial domestic policies. Moreover, U.S. dairy policy should foster an economic environment in which milk producers have the opportunity to receive a satisfactory return for their labor and investment. Furthermore, the Committee believes that those dairy producers who are efficient, innovative, and industrious will prosper under the provisions provided in H.R. 3950.

Milk Price Support

The Committee believes that market forces, together with adjustments in the government support price, should balance supply and demand for milk and dairy products. The basic purpose of the dairy price support program is to assure an adequate supply of milk and dairy products at reasonable prices. The program accomplishes this by providing a degree of stability to prices received by farmers for milk, which, in turn, provides a degree of stability to prices paid by consumers for milk and dairy products.

During 1989, dairy farmers received an average price of $13.51 per cwt for all milk sold to plants and $12.47 per cwt for manufacturing grade milk. The outlook for 1990 currently calls for prices to remain at these levels.

Since the rate of price support for milk refers to milk for manufacturing purposes, market prices for milk just prior to entering the period to which this section applies are approximately $2.50 per cwt above support. Therefore, should milk marketings grow relative to commercial use, the resulting surpluses will cause market prices to weaken. Market prices could weaken by as much as $2.50 per cwt before the $10.10 per cwt minimum rate of milk price support would be reached. The outlook for the cost of producing milk during the period 1991 through 1995 is such that supply/demand balancing levels for market prices are projected to remain well above support during the entire period.

Under the provisions of the Committee's bill, the Secretary is required to make projections of the milk equivalent represented by the quantities of butter, nonfat dry milk, and cheese that the Secretary anticipates will be purchased by the CCC each year. The Secretary's projections will then provide the basis for various actions with respect to adjustments in the milk price support level and for implementation of an inventory management program related to milk production and marketings.

Under current practice, milk equivalent conversions are based only on the quantities of milkfat contained in individual dairy products. The approximate milkfat content, by weight, of the three products the CCC stands ready to purchase under the dairy price support program are: butter, 80 percent; cheddar cheese, 32 percent; and nonfat dry milk, 1 percent.

The bill specifies, for the purposes of adjusting the milk price support level and for implementing an inventory management program, that dairy products purchased by the CCC shall be converted to a milk equivalent on the basis of total milk solids. The total solids basis for calculating milk equivalents was specified because the milkfat basis for milk equivalent conversion yields inaccurate indications of the supply/demand balance for milk in the United States. As recommended by the National Commission on Dairy Policy, the Committee believes that the dairy program should utilize a component-based price support system to more readily reflect market demands and better communicate the economic composition of milk and products derived from milk.

Milkfat accounts for approximately 3.67 percent of the weight of whole, farm-produced milk and for approximately 30 percent, by weight, of the total milk solids contained in such milk. Milkfat also accounts for approximately 30 percent of the value to dairy farmers of milk of average composition, evaluated at current market prices.

Furthermore, milkfat accounts for approximately 35.5 percent, by weight, of the butter and nonfat dry milk that can be manufactured from whole, farm-produced milk, and for approximately 39 percent of the total value of such products, using current CCC purchase prices.

For this reason, calculating milk equivalents on a total milk solids basis, using a weighted-average method, with milkfat weighted between 30 and 40 percent, would provide a much more accurate indication of the amount of milk used to produce the quantities of butter, nonfat dry milk, and cheese the Secretary will be required to project under the provisions of H.R. 3950.

For the purposes of this bill, the milk equivalent, total milk solids basis, of milk and the products of milk purchased by the CCC should be calculated as the weighted-average of the milk equivalents, as computed on a milkfat basis and on a milk solids not fat basis, of such products, with weighting factors equal to not more than 40 percent for the milk equivalent, milkfat basis, and not more than 70 percent for the milk equivalent, milk solids not fat basis. Such weighting factors shall total 100 percent.

The Committee's bill also requires the Secretary to submit to the Committee within 180 days of enactment of the bill, a study recommending an inventory management program to be implemented

when projected purchases exceed specified levels. The Committee's bill prohibits implementation of an inventory management program before January 1, 1992 or six months after submission of the study. The study shall evaluate two-tier pricing systems, or a plan to achieve equivalent results, *excluding* any assessment, termination or diversion program. The Committee believes that the desired results of any inventory management program include reduction of excessive surplus milk, low costs to CCC, and orderly marketing of surplus milk, among other things. The study shall study at a minimum (1) the difficulties and possible resolutions associated with the disposition and orderly marketing of milk priced at a lower price through various marketing channels including export markets and domestic donation feeding programs; (2) the impact of a fourth class of milk (Class IV) utilizing a lower price for surplus milk under the Federal marketing order system and the application of a similar system on non-Federal milk marketing order milk; and (3) plans to achieve desired results through programs other than two-tier pricing systems. The Committee desires that USDA seek outside consultation pursuant to the completion of the study.

Milk Manufacturing Margin Adjustment

The Committee believes the United States must have a rational, achievable set of goals for dairy programs. One goal has been economic: reduction of excess production without disrupting the national capability to produce an adequate supply of milk in the future. The Committee also believes all State and Federal programs should work in concert to achieve goals established for Federal dairy policy.

The United States does not have a regional milk production problem. The problem is one of price-cost misalignment between the Federal support price and a low cost of production for many producers. Existing law embodies the notion that an efficient allocation of resources in a market economy will, over time, result in most milk production coming from low cost of production milk producers.

The Committee believes USDA's specification of a manufacturing margin for milk should apply to all areas of the United States. Therefore, the bill requires the Secretary to direct the Agricultural Marketing Service to conduct a study of State milk pricing programs to be submitted to both the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate no later than one year following enactment of the bill. The study shall, among other things, evaluate the objectives, rationale and operation, and the impacts of manufacturing allowances used in State programs on the Federal price support program. The bill provides for a public hearing and also provides the Secretary with the authority to prohibit a State from using an allowance which is different from the Federal allowance. However, any State so affected by the decision of the Secretary may file an appeal with the USDA under provisions of the Administrative Procedure Act.

Minnesota-Wisconsin Price Series Reform

From the time they were created in the late 1930s, Federal Milk Marketing Orders (FMMOs) have needed some logic for setting the minimum class prices. Originally, local conditions and needs were the primary factors determining how individual orders established prices.

The first competitively-determined, unregulated farm milk price that was used as a benchmark for Federal order prices was the so-called Midwest Condensary Price in 1940. Today, minimum prices in all Federal milk orders are directly tied to the Minnesota-Wisconsin Manufacturing Milk Price Series—the M-W price. The M-W price estimate is the average price for all milk of manufacturing grade delivered in bulk tanks and in cans (f.o.b.) plant or receiving station, before hauling costs and producer assessments under the various dairy collection (assessment) programs and National Advertising and Promotion Program are deducted. The M-W price estimate relates only to manufacturing (Grade B) milk purchased from farmers and do not include Grade A milk diverted to manufacturing uses. The M-W price is the starting point for pricing some 70 percent of the nation's milk supply.

The Committee believes the time has come to replace the current M-W as the way to establish milk prices. One reason that has been a point of discussion for over two decades is the ever-declining amounts of Grade B or manufacturing grade milk in Wisconsin and Minnesota. Another motivation is the extremely wide price swings of the M-W price in 1988 and 1989. A recent General Accounting Office (GAO) report entitled "Milk Pricing, New Method for Setting Farm Milk Prices Needs To Be Developed", examined potential alternatives to the Minnesota-Wisconsin price series.

The bill requires the Secretary to commence accepting alternative pricing formula recommendations within 60 days of enactment of H.R. 3950. The Committee believes the study of M-W modifications required under the bill should be carried out jointly by the Agricultural Marketing Service (AMS) and the National Agricultural Statistical Service (NASS) of the USDA, with input from the dairy industry. NASS's knowledge and experience in collecting data and AMS's experience in administering milk marketing orders combine to make those agencies especially well suited to study the M-W issue.

The Federal milk order program will continue to need one basic formula price that is common to all orders. Such a price must be a reliable indicator of competitively-determined prices for milk. The Committee believes the present M-W price has, overall, performed well as a reliable mover of Federal order minimum prices. It is appropriate for the M-W study required by the bill to concentrate on identification of appropriate modifications to the present M-W price as opposed to specifying new alternatives. Moreover, among the alternative pricing formulas to be considered by the Secretary shall be a price series based on prices paid by milk processors for Grade A milk and manufacturing grade milk that is used in the manufacture of dairy products. The study should also include data collected prior to enactment of the bill and from plants outside Minnesota and Wisconsin.

Hearings on Federal Milk Marketing Orders

The Federal Milk Marketing Order program is authorized by the Agriculture Marketing Agreement Act of 1937, as amended. Federal Milk Marketing Orders provide rules for how fluid milk entering a specific geographical market will be marketed. Federal Milk Marketing Orders have three goals which include: (1) the orderly marketing of milk; (2) equitable dealings between milk producers and milk handlers; and (3) fair prices and dependable supplies of wholesome milk for consumers.

Milk marketing orders are intended to perform four specific functions: (1) provide a means by which milk is classified according to use; (2) establish a method for computing the minimum prices for each class of milk; (3) establish a system for pooling returns from the sale of milk among all milk producers shipping to the market; and (4) provide for effective administration of the order including market information.

In recent years, the Federal milk marketing order program has come under increasing criticism from milk producers. Criticism intensified with the passage of the Food Security Act of 1985 which legislated higher Class I differentials for 35 of the existing 44 Federal milk marketing orders.

During its many hearings conducted across the country, the Committee received testimony indicating that marketing orders impeded the free flow of milk among regions, and encouraged milk production in some areas of the country at a time when milk producers are being asked to reduce production. Furthermore, other marketing order issues identified during the hearings included marketwide service payments, potential benefits of marketing order consolidation, the use of reconstituted milk to supply fluid markets, and multiple component pricing.

The Committee supports the continued use of the Federal milk marketing order program as a marketing tool. However, it is not satisfied with the administration of the hearing process that allows milk producers to amend their Federal milk marketing order. Long delays by the Secretary in granting hearing requests or making a decision at the conclusion of a hearing have been repeatedly cited as the primary reasons for producers seeking changes in the administration of the Federal milk marketing order program.

On March 29, 1990, the Secretary announced that USDA will conduct national hearings regarding possible changes in the pricing provisions of Federal milk marketing orders so as to affect the changes in the Federal orders setting minimum prices that milk processors must pay for Grade A milk received from producers. Better cooperation and communication between USDA, the market administrator, and milk producers themselves is needed to make the hearing process effective and useful. The Committee recognizes the national hearing process will yield extensive and possibly conflicting testimony, multiple or new issues, or innovative practices that may cause delays in the decision-making process. However, the bill requires the Secretary to conclude the national hearings by January 1, 1992.

Report of Dairy Product Purchases

Supporting milk prices through Government purchases of dairy products constitutes a workable basis for any dairy program. Consistent with the intent of the Agricultural Act of 1949, CCC purchases of dairy products must serve primarily to balance the domestic market annually. The bill requires the Secretary to make available to the public quarterly evaluations of the acquisition and disposal of CCC purchases of dairy products.

Adjustments for Seasonal Production

As provided in the Food Security Act of 1985, this provision provides for an extension of seasonal base plans and the "Louisville Plan." Currently, under the Federal milk marketing orders, there are two types of plans permitted for this purpose. Eight markets use the "Louisville Plan" for paying their producers. Under this plan, certain monies are withheld from producers during the heavy producing months and are added to the monies paid producers during the short fall production months. Ten markets use seasonal base excess plans. This section extends current authority.

Extension of the Dairy Incentive Program

This section provides for an extension of current authority that facilitates the development of commercial exports of U.S. dairy products. Section 153 of the 1985 Act required the CCC to establish and operate a Dairy Export Incentive Program (DEIP), under which the CCC is authorized to make payments, on a bid basis, to an entity that sells U.S. dairy products for export.

The initial authorizing legislation provided that payments under the DEIP could be made in cash, in kind, or through the issuance of certificates redeemable for commodities. The program was initially authorized through December 30, 1989. Subsequently, section 106 of the Hunger Prevention Act of 1988 extended the operation of the DEIP through September 30, 1990.

Section 4308 of the Omnibus Trade and Competitiveness Act of 1988 amended the legislation authorizing the Dairy Export Incentive Program by requiring export bonus payments under the program to be made in the form of generic certificates redeemable for CCC-owned commodities, if payments in commodities are authorized under the program.

Under the initial rules announced by USDA, bonuses under the DEIP were limited to selected lots of the dairy product inventory (butter, butteroil, anhydrous milkfat, nonfat dry milk, whole milk powder, cheddar cheese, and bulk American cheese) owned by the Commodity Credit Corporation. Prior to this change, 37 sales had been made to 15 countries under the program. All of these sales were for milk powder, totalling 10,947 tons with a total bonus value equal to $8,376,821. However, on January 24, 1990, USDA issued a new announcement which provides for sales to 40 countries under the DEIP.

In authorizing the DEIP, Congress provided USDA with the same authority to undertake programs aimed at increasing the export of U.S. agricultural products in the dairy industry as it has for other agricultural commodity sectors. The objective of such programs is

to counter or offset the adverse effects on U.S. agriculture of unfair trade practices or export subsidization on the part of competitors, particularly the European Community (EC). This section will continue this important policy of the Congress with respect to dairy product exports.

Export Sales of Dairy Products

This section provides for an extension of current authority for direct export sales of dairy products from CCC stocks. Section 1163 of the Food Security Act of 1985 requires the Secretary to sell for export not less than 150,000 metric tons of CCC-owned dairy products per year through fiscal 1990, provided such sales do not disrupt domestic U.S. markets or world prices and patterns of commercial trade. Such sales are to include not less than 100,000 of butter and not less than 20,000 metric tons of cheese.

From fiscal year 1986 through 1989, the CCC exported 414,422 metric tons of nonfat dry milk, 47,420 tons of butteroil, 60,023 tons of butter, and 19,180 tons of cheese from CCC inventories. Major purchasers of CCC dairy inventories were Mexico (butter oil), Iraq (butter), Algeria (butter and cheese), and Brazil (milk powder). From fiscal 1990 to date, the Soviet Union purchased 50,000 tons of butter from CCC inventories.

Beginning in fiscal 1986, USDA has either met or has achieved substantial sales under this dairy export mandate, to the extent that dairy products have been available in CCC stocks. Through fiscal 1988, such sales consisted almost exclusively of nonfat dry milk. More recently, export sales under this authority have consisted of butter and butteroil, primarily to the Soviet Union and to Brazil.

This section extends a provision that USDA has made appropriate use of and which will continue to prove important in achieving a number of goals. These include countering the export subsidies employed by the European Community as a basic component of its agricultural policy, developing commercial export channels for U.S.-produced farm products, and extending assistance to developing countries and countries in the process of reforming their previously centralized, command economies.

The Committee realizes USDA-sponsored programs for overseas distribution alleviate build-up of surplus stocks of dairy products while providing necessary food supplies to those currently unable to provide for themselves. Efforts by USDA to reduce the surplus through export distribution programs are working, but USDA should establish programs that will not focus primarily on the distribution of surplus products, but instead, expand markets and profit-making capabilities of the dairy industry.

Component Pricing of Milk

This section authorizes certain types of component pricing programs under Federal milk marketing orders. Component pricing is a system of adjusting prices paid to farmers for milk to reflect variations in its composition with respect to nonfat solids as well as its composition with respect to milkfat. Currently, milk is priced to farmers under Federal milk marketing orders on the basis of milkfat variation only. With the nonfat solids portion of milk, particu-

larly the protein component, becoming more valuable relative to the milkfat portion, conversion to component pricing is becoming steadily more important as a means of achieving pricing efficiency and equity in the nation's dairy sector.

Present authority requires that any Federal order multiple component pricing program must include both a component differential charge to handlers and a component differential payment to dairy farmers. This section deletes the requirement to impose a component differential charge to handlers. The resulting modification enables more multiple component pricing programs to be proposed for inclusion in the Federal milk orders.

This section does not mandate a particular type of multiple component pricing program. Instead, it provides authority for USDA to consider at a hearing a proposed program that does not include a component charge to handlers. As with all Federal order provisions, multiple component pricing programs must be developed by USDA through the formal rule-making process.

Adjustment in Payment by Handlers

This section provides authority for enhancing the efficiency of milk marketing operations under individual Federal milk marketing orders. It allows the U.S. Department of Agriculture to establish different rates between charges to handlers and payments to dairy farmers for the grade or quality of milk, the location at which milk is delivered and the adjustment to encourage seasonal adjustments in the production of milk.

These modifications, especially the authority to establish differences between the location adjustment rates charged to handlers and the rate paid to dairy farmers, will enable USDA to consider provisions which will enhance the effectiveness of an order in assuring an adequate supply of milk for fluid use in the market.

This section does not mandate any specific changes in any Federal milk marketing order. Instead, it provides expanded authority for USDA to consider proposals at a hearing and adopt those which are justified on the basis of a hearing record.

Establishment of Trusts for the Benefit of Milk Producers

A milk handler currently is able to offer as security for a loan the milk or milk products, or receivables or proceeds from sales which he has not paid for. The producers, who are responsible for raising, feeding and producing the milk for the handler are left unpaid, while secured creditors reap the reward of the dairy farmers' labors. The Committee believes it is unfair that a milk handler should be able to commit property as collateral for a loan for which he has not paid for and does not actually own, to allow a third party to stand ahead of the producers if the handler fails.

This section amends the Packers and Stockyards Act of 1921 to establish a statutory trust for the benefit of unpaid milk producers. This provision is consistent with the trust granted to livestock and poultry producers administered by the Packers and Stockyards Administration of USDA.

This section does not establish a requirement that a custodial account be established or that a third party trustee be appointed.

However, the milk handler will have a specific custodial obligation to the milk producers for keeping accurate records of transactions.

Federal courts have held that in the event of the bankruptcy of a covered packer, producers must be paid from the trust assets before any secured creditors can be paid. The trust assets have been held to not be part of the bankruptcy estate and cannot be used to satisfy any creditors until producers have been paid.

This section would be consistent with that determination. More specifically, the trust requires producers of milk to have their payment claims satisfied from a handler's assets before any secured interest is satisfied.

TITLE V—WOOL AND MOHAIR

The wool and mohair price support programs today are the result of several laws passed between 1938 and 1985. The National Wool Act of 1954 was the most significant legislation creating the provisions of the programs currently in effect. The Food Security Act of 1985 reauthorized these programs through December 31, 1990.

There were no provisions in early farm legislation to cover wool and mohair. The Agricultural Act of 1938 authorized voluntary price-support loan programs for both wool and mohair. Legislation was passed in 1947 creating mandatory price supports for wool. Mandatory price supports for mohair were added in the Agricultural Act of 1949.

Parity prices were also established in the Agricultural Act of 1949 to provide a specific level of purchasing power using a formula that considered farm and nonfarm prices over the most recent 10 years. The 1949 Act legislated specific production goals for wool. However, even with parity, production fell short.

The National Wool Act of 1954 was passed to encourage the production of wool. The law was enacted by Congress to assure wool and mohair producers a fair return for their production during periods of depressed market prices and to provide a program of wool and mohair promotion in the United States. The 1954 Act also helped to stabilize the domestic industry in an import-saturated market. This legislation declared wool an essential and strategic commodity not produced in the United States in sufficient quantities and grades to meet domestic needs. It was also considered a vital material important to the national security, and thus it became a Federal policy objective to encourage domestic production.

Under the National Wool Act of 1954, a new price support program for wool and mohair was established. Wool and mohair producers were authorized incentive payments. These payments were made directly to producers in an amount that would bring the average return received by all producers up to the support level, which is determined annually by the U.S. Department of Agriculture (USDA).

This system was designed to stimulate production without discouraging consumption or disrupting foreign trade. If incentive payments were used, wool was supported under the 1954 Act at a level between 60 and 110 percent of parity. However, if loans and

purchases were used, support was established between 60 and 90 percent of parity. The support price was set at the discretion of the Secretary of Agriculture. In 1955, the support price for shorn wool was set at 62 cents per pound and remained at this level through 1965.

The Food and Agricultural Act of 1965 introduced a formula for determining the support price The formula adjusted the 62-cents-per-pound price by the percentage change in the index of prices paid by all farmers for production inputs during the three most recent years, this data was then compared with the index during the three base years, 1958, 1959, and 1960.

The Agriculture and Food Act of 1981 revised this computation, basing the support price on 77.5 percent of the amount indicated by the formula for the base years 1982–1985. The Food Security Act of 1985 continued this formula calculation through 1990.

The funds used for incentive payments, generated from tariff collections on certain categories of raw wool and wool fabrics, were placed in the U.S. Treasury. Seventy percent of the amount collected could be used to make incentive payments to wool producers by the Commodity Credit Corporation (CCC).

-The National Wool Act of 1954 provided for the Secretary of Agriculture to enter into agreements with national associations for the purpose of developing and conducting domestic and foreign advertising and sales promotion programs. These programs were implemented to facilitate the development and dissemination of information on product quality, production management, and marketing improvement of wool, mohair, sheep, goats, and their products.

The support program for wool has raised production and boosted the income of producers. The mohair program has increased production, lowered market prices, raised producer incomes, and increased mohair exports. Based on the above-mentioned factors and the description of the program, the Committee emphasizes that the costs associated with the wool price support program are not a burden on the U.S. taxpayer. These costs are specifically limited to 70 percent of tariffs assessed on imported wool.

In addition, the Committee finds there is a need to encourage the export promotion programs now operating for mohair and goats to include sheep and wool in an effort to expand our export markets. From an economic standpoint, wool and mohair are substantial in production areas, particularly in parts of Texas and the Rocky Mountain States where crops fare poorly or cannot be grown.

TITLE VI—HONEY

During World War II, the U.S. honey industry experienced a large increase in colony numbers and a proportionate increase in honey production due to the classification of the industry as war-essential. Honey was used as a sugar substitute and petroleum products were replaced with beeswax as a waterproofing agent. Following World War II, honey prices dropped close to prewar levels as military usage declined. Due to the decreased demand, inventories accumulated to the degree that all segments of the industry requested the Government to provide aid in solving their depressed economic situation.

In response, Congress included honey in the Agricultural Act of 1949 as a designated nonbasic agricultural commodity. The legislation encouraged the maintenance of bee populations which are vital for the pollination of many agricultural crops. Due to the impracticalities of supporting beekeepers through payments for pollination, a honey price support program was designed which enabled beekeepers to maintain viable operations with the added benefit of providing market stability for domestic honey. It was mandated that honey be supported at not less than 60 percent or more than 90 percent of parity through loans, purchases, or other operations.

In 1952, a loan program and a producer purchase agreement program were initiated. The loan program provided a support rate for honey producers and honey marketing cooperatives who agreed to comply with program provisions. Producers and cooperatives could obtain loans for up to 90 percent of the certified honey pledged as collateral in eligible farm storage or 95 percent of the honey collateral stored in a warehouse approved by the Commodity Credit Corporation (CCC). The additional 10 or five percent of the price support would be received when the loan was settled.

Loan recipients had several options available to them to settle their loans. One option was to sell their honey at market price which meant the loan principal was to be repaid with interest. If they were unwilling or unable to sell at a market price sufficient to repay the loan with interest, they could forfeit the honey to the CCC. The loans were nonrecourse which obligated the CCC to accept the honey as full payment if forfeited.

The purchase program allowed producers who did not require a loan for working capital to receive the support price as the minimum price for honey by entering a purchase agreement with the CCC. Although the producer was under no obligation to deliver any honey, the CCC was obligated to accept as much as 110 percent of the eligible delivered honey covered by the contract at the applicable support price. These programs continued through 1985, with the exception of 1975 and 1976, which featured purchase agreement programs only.

The Food Security Act of 1985 modified the program to allow beekeepers, at the discretion of the Secretary of Agriculture, to repay their loans at a rate that is lower than the announced loan rate beginning with the 1986 crop. The 1985 Act also eliminated the parity formula and progressively lowered support prices for the 1986 through 1990 crops.

To encourage use of the lower loan repayment option, the purchase feature of earlier programs was dropped, and the 1986, 1987, and 1988 programs were designated "loans only" programs. The Secretary's option to permit lower loan repayments allows a producer to repay a loan at a level that the Secretary determines will minimize the number of loan forfeitures, not result in excessive total stocks of honey, reduce costs incurred by the Government in storing honey, and maintain the competitiveness of honey in domestic and export markets.

Several legislative amendments have impacted the honey program since the 1985 Act. In 1986, Congresss limited the total amount of outstanding honey loans a person could have to $250,000, less any farm program payment received due to the in-

creasing cost of the program (P.L. 99-500 and P.L. 99-591). In 1987, Congress decided to preclude the redemption of honey price support loans with payment-in-kind certificates (P.L. 100-71).

P.L. 100-203, signed December 23, 1987 (Omnibus Reconciliation Act of 1987) removed the $250,000 outstanding loan limit for honey price support loans and reduced the 1987 honey loan rates by two cents per pound. In addition, loan rates for the 1988, 1989, and 1990 honey crops were reduced an additional three-fourths of a cent, a half-cent, and one-fourth of a cent per pound, respectively.

P.L. 100-460, enacted October 1, 1988, placed a $250,000 limit on the amount of forfeitures a producer can make with respect to honey price support loans for a crop of honey beginning with the 1989 crop. It also made the forfeiture limit applicable only for those crops for which a lower loan repayment option was in effect. In addition, it made a producer personally liable for complete loan repayment, principal plus interest, at the prevailing loan rate once the forfeiture limit was reached.

The Committee believes the honey program is successfully meeting its objective of providing market price stability to honey producers and encouraging them to maintain sufficient honey bee populations to pollinate important agricultural crops. The Committee is also aware the honey industry is facing numerous challenges in the form of diseases and parasites that may directly affect honeybee populations. To offset the rising cost of production and to ensure the strength of domestic bee populations, the Committee believes the support price should be maintained at no less than the 1990 loan rate of 53.8 cents per pound.

Title VII—Oilseeds

Second only to corn in value of field crops grown in the United States, soybeans contribute over $10 billion to the economy each year on average. The sale of soybeans, soybean meal, and soybean oil overseas has earned annually an average of over $6 billion since 1984, 15 percent of all farm exports, making this commodity American agriculture's premier export commodity over the last decade.

The 450,000 U.S. growers of soybeans are the world's most productive, having increased output some 300 percent over the past 25 years. However, foreign competition, up 350 percent in the same period, is threatening the dominant role of the United States in the world oilseeds trade. In the late 1970's, U.S. farmers grew nearly 70 percent of all the world's soybeans. In 20 years, that figure has dropped to 50 percent, in spite of the growing demand for soybeans and soybean crops and the projected continuing growth in the world oilseeds market of four to five percent annually. For example, the government of the Soviet Union has embarked upon a major program to upgrade the availability of meat in consumers' diets and as a result has become a major purchaser of soybeans and soybean products. Through the 1990's, the potential import demand from Eastern European countries is estimated to as much as triple the growth rate sustained in the 1980's.

Although soybeans constitute 86 percent of all U.S.-grown oilseeds, they are but one of the crops in the complex of oil-producing or oil-bearing crops grown in the U.S. Other crops include sunflow-

er, safflower, flaxseed, canola, rapeseed, and mustard seed. Except for limited applications, oilseeds are grown for the meal and edible oil produced from crushing.

Three-quarters of the soybean meal crushed domestically is also used domestically and 95 percent of that is consumed by livestock. Soybean meal is the leading protein supplement fed to livestock, comprising some 75 percent of total proteins fed. Consumer demand for poultry in the last decade has had a marked effect on soybean meal consumption and now takes up nearly one-half of all meal produced domestically. Another one-third is fed to hogs.

Soybean oils account for three-fourths of the edible fats and oils consumed in the U.S., and 80- to 90-percent of the domestic crush is also used domestically. The most familiar uses of soybean oils for human consumption are in cooking and salad oils, margarine, shortening, bakery goods, and candies. About five percent of the soybean oil produced in the U.S. goes to industrial uses, including pharmaceuticals, soaps, and ink.

U.S. sunflower seed production is of two types, confectionery and seed grown for meal and oil. This crop is grown on slightly less than two million acres, primarily in the Midwest and Northern Plains. Sunflower oil is used primarily for cooking oil, most of which is exported. However, consumer preference for lower fat diets has created increasing demand for sunflower oil-based cooking oils.

The same demand for oils low in saturated fat content has spurred increased use of canola and rapeseed oil in cooking oils. Canola, the edible variety of rapeseed, has the lowest saturated fat content of any of the major vegetable oils. In spite of its growing popularity in the U.S., imports of canola were five times the amount of domestically grown in 1989.

Safflower production has increased fivefold during the 1980's. Safflower oil is used for cooking oils and all of it is consumed domestically. Safflower meal can be fed to livestock, its most common use being for poultry feed.

Flaxseed is crushed into linseed oil and meal. The oil has been used as a paint ingredient but is used now primarily as an ingredient in polishes. The meal is used as a protein supplement for livestock feed.

The soil conservation legislation of the 1930's recognized the value of soybeans in adding to soil nutrients and provided farmers payments for the planting of such soil-building crops and was the first time Federal farm legislation included soybeans. In order to encourage the production of soybeans, producers were offered price support loans beginning with the 1941 crop. Soybean production doubled during the 1950's.

As surpluses of other crops mounted during the same period, farm programs of the early 1960's were amended to provide incentives for farmers to produce soybeans not just for the soil-conserving attributes of soybeans but also as a mechanism to control production of crops in surplus and to meet a growing world market. For example, in 1966, the Secretary of Agriculture permitted farmers to receive support payments for growing soybeans on feed grain acreage to divert production away from feed grains. Congress extended this authority in the 1973 Agriculture Act.

In 1977, Congress mandated that the Secretary provide soybean farmers with price support loans similar to the price support loans offered for other commodities. However, soybean growers were not required to idle acreage to retain eligibility for such loans nor were they eligible for income support payments similar to those provided for other program crops. These features have remained in soybean programs to the present.

U.S. soybean production and share of the world market peaked in the late 1970's and early 1980's. Since the record harvest of 2.2 billion bushels in 1979, U.S. output has dropped by 14 percent. Exports of 929 million bushels in the 1981 marketing year represented nearly 90 percent of the world trade in soybeans that year. Since then, exports have fallen by 30 percent. The trends in exports and market share of U.S. soybean meal and soybean oil show similar declines as do the trends for other oilseeds and oilseed products.

Two factors are largely responsible for this decline. First, increased subsidies by foreign governments of their oilseed industries have turned some former customers of U.S. oilseeds and oilseed products into competitors. Second, constraints of domestic U.S. farm policy and the inadvertent price protection U.S. soybean programs have given rise to foreign oilseeds expansion.

In the early 1980's, the European Community (EC) increased its subsidies for oilseeds production and internal production began displacing U.S. exports. As a result, the amount of acreage devoted to sunflowers in the U.S., the product of which was mainly destined for Europe, declined by nearly one-half between 1979 and 1984. At the same time, Argentina and Brazil began boosting subsidies to soybean production, particularly for the export of soybean oil and meal. Whereas the U.S. captured 40 percent of world trade in soybean meal in the late 1970's, that dominance has been displaced by Latin American production. Latin America now has nearly 60 percent of the world market, compared to the U.S. share of just half that amount.

While these external developments were stifling growth of the U.S. oilseeds sector, domestic factors were also cutting into the growth of the industry. As oilseeds prices fell in the 1980's, Government price supports for soybeans remained constant, and income supports for other crops increased, farmers gradually switched acreage out of oilseeds production into growing wheat, corn, and other feed grains.

The Food Security Act of 1985 established the price support level for soybeans at $5.02 per bushel and permitted the rate to be reduced by as much as five percent per year but in no event below $4.50. It provided no similar protection to the producers of other oilseeds. While this provision has been important in protecting the income of U.S. soybean growers, the ability of farmers to forfeit soybeans pledged as collateral for such loans to the Commodity Credit Corporation (CCC), in effect making it the buyer of last resort, has also had the effect of providing comparable price protection to foreign soybean production. The structure of the U.S. soybean program—especially its price supporting role on the world's largest soybean market, the U.S. market—has insulated foreign

producers from price risks permitting them to expand production at the expense of U.S. growers.

In addition, the 1985 Act imposed a new system for calculating eligibility for farm program benefits which further constrained oilseeds production. Under the Act, a farm's eligibility for wheat, feed grains, cotton, and rice program benefits has been based on the five-year average amount of the farm planted to those crops in the case of wheat and feed grains, and in the case of cotton and rice, the two-year average. Oilseeds producers have not had similar acreage calculation applied their eligibility to receive benefits nor have they had income support protection similar to that afforded other crop producers. Thus, a one-year switch into oilseeds production affected not just the farm's return for that one crop, but also, due to the crop acreage base systems of the 1985 Act, the farm's ability to generate income protection in future crop years. Additionally, farmers have had to base planting decisions not simply on market signals, but on the relative attractiveness and stability of government benefits versus the unpredictable market returns of oilseeds.

In recognition of the slide in oilseeds production to which this system contributed, and which was exacerbated by the drought-reduced harvest of oilseeds in 1988, the Disaster Assistance Act of 1988 contained provisions to protect the program crop base of farmers who opted for soybean and sunflower production in 1989 against loss of future program benefits. This provision allowed a farmer to devote a portion of a farm to soybean or sunflower production without jeopardizing that farm's ability to earn program crop benefits. It was successful in halting the slide in soybean production. As a result of the change, soybean plantings increased by some 1.6 million acres, the first time plantings increased since enactment of the 1985 Act.

Similar provisions were included in the 1989 budget reconciliation act for soybeans, sunflower, and safflower as well as for other oilseeds in P.L. 101-81 which accorded farmers similar crop acreage base protection for the production of canola and rapeseed and safflower in 1990.

The Committee's legislation contains a new initiative to promote the U.S. oilseeds industry and ensure its ability to stay competitive in world markets. Subtitle B of Title XI, General Commodity Provisions, continues and expands upon the provisions of previous legislation to ensure farmers have the ability to plant oilseeds on a portion of their program acreage without loss of other program benefits. This is a vital component to maintain the productive capacity of the U.S. oilseeds industry.

The legislation in Title VII builds upon these provisions. This title ensures that farmers who elect to respond to market demand for oilseeds are afforded reasonable levels of income protection without protecting foreign oilseeds growers. The structure of the basic soybean price support loan program is amended by the Committee's legislation to encourage the marketing of soybeans, not the accumulation of market-depressing surpluses which have caused lower prices and contributed to the decline in oilseeds production. For example, over the previous five years, soybean market prices have been at their lowest during those years when surpluses

exceeded 20 percent of usage, causing further disincentives to soybean producers to expand production.

Under the soybean program in the Committee's legislation, soybean farmers will be able to repay loans disbursed by the CCC at the lower of the loan rate or the world price for soybeans. This ability for farmers to discharge loans at levels beneath the rate for which the loans were made will remove the price-setting character of the soybean program as it has operated under previous legislation and as it has influenced not just the U.S. market, but the world market, too.

This feature borrows on and is patterned after similar legislation enacted for cotton and rice in the 1985 Act and which is continued in this legislation. Similar legislation was considered for soybeans in the 1985 Act; however, this feature was made discretionary with the Secretary, who has never elected to make the option available to producers. Also, in the Omnibus Trade and Competitiveness Act of 1988, Congress reaffirmed its belief in the ability of this type of soybean program to restore the competitiveness of U.S. soybeans in the world market by requiring the Secretary to implement such a program absent significant progress towards a multilateral agreement on agricultural trade reforms.

The soybean program provides additional incentives to soybean farmers to increase production when market signals dictate and reduces incentives for additional production when market demand slackens. The price support loan level for the 1991 and 1992 crops of soybeans is fixed at $5.25 per bushel.

For the 1993 through 1995 crops, the level of the loan is based on the projected level of soybean stocks to soybeans use. When market demand quickens and additional production is warranted, the incentive for production increases and decreases when market conditions do not warrant added production. For these crops, the loan rate is increased by five percent when stocks equal 20 percent of use or less, indicating a demand for more production; except for the 1993 crop when the level may not exceed $5.40 per bushel. When stocks are in excess of 25 percent of use, indicating ample supplies of soybeans, the level of the loan rate is reduced by five percent. When the stocks-to-use ratio is between 20 percent and 25 percent, the loan rate is maintained at $5.25 per bushel.

In addition to this market-sensitive system of setting and adjusting soybean price support loan levels, the Committee's legislation contains other provisions designed to promote the effectiveness and orderly marketing of soybeans. Soybean growers may elect to receive payments equal to the difference between the soybean loan rate and the redemption rate in order to move their product directly into marketing channels without being forced to cycle the commodity through the CCC. The Secretary is instructed to make such payments in such amounts of certificates redeemable for commodities owned by the CCC in a manner that will minimize the build-up of excess soybean supplies.

The soybean market and the market for other oilseeds are closely related. Not only are various oilseeds and oilseed products highly interchangeable, the prices of various oilseeds are based on each other. While the U.S. oilseeds industry and the opportunities

for markets in the future are dominated by soybeans, other oilseeds also have a significant role to play.

The Committee's legislation provides for a comparable program for sunflower, safflower, canola, rapeseed, flaxseed, mustard seed, and such other oilseeds the Secretary designates. In determining the level of price support for these oilseeds, the Committee's legislation requires the Secretary to set the loan rate of that oilseed based on its historic market price relationship to the market price of soybeans on a per pound basis. The Committee's legislation contains these provisions to ensure that price movements in the soybean market do not adversely affect producers of other oilseeds and a stable economic environment to enable the rebuilding of these markets.

The Committee's legislation for oilseeds recognizes both the critical importance of this sector of U.S. agriculture and the interrelated characteristics of the programs established for other commodities with those established for oilseeds. This legislation provides a foundation of predictable income supports for the industry while also ensuring that market conditions are factored into program decisions, consistent with the provisions applicable to other commodities covered by the legislation.

TITLE VIII—PEANUTS

Importance of the current peanut program

Peanut production, as specified in current law, has been instrumental in maintaining the stability of small family farms in several regions of the United States. Nearly 60 percent of the approximately 45,000 farms harvesting peanuts are less than 50 acres in size.

In the past, protection of family farms has been established by the Committee as a laudable goal and desirable objective. We reaffirm the importance of programs which maintain family farms and note that the current peanut program is clearly meeting this objective. In addition, changes enacted in the Food Security Act of 1985 have led to the creation of over 5,120 new peanut farms producing for the domestic edible market. Clearly, this increase in the number of farms producing for the U.S. markets reflects a positive feature of current peanut laws.

At the same time that the peanut program provides needed stability in the agricultural community, it also provides American consumers with adequate supplies of excellent quality peanuts at very reasonable prices. A superior source of protein, the peanut is also an inexpensive source of protein compared to other food items available in the grocery store. Peanuts are used in a wide variety of consumer food products, including peanut butter, candy, salted nuts, and in-shell peanuts. As the least expensive salted or unsalted nut available to the American consumer, peanuts represent a solid food value.

Peanuts are a major commodity of significant economic importance to three principal peanut-producing regions of the country. Ten States constitute the principal producers in those regions. The Southeast region, which includes the States of Georgia, Alabama, Florida, Mississippi, and a portion of South Carolina, accounts for

about 66 percent of all U.S. production. The Southwest region, consisting of Texas, Oklahoma, and New Mexico, produces approximately 18 percent of the total U.S. peanut crop. The other major peanut-producing region is the Virginia-Carolina region, representing approximately 16 percent of U.S. peanut production. The states of Virginia, North Carolina, and a portion of South Carolina constitute this region.

Each of the three major peanut-producing regions is a major producer of a particular type of peanut. The three main types of U.S.-grown peanuts are Florunners, Virginia, and Spanish peanuts. The Southeast region produces medium kernel runner peanuts, known as Florunners, which account for over 75 percent of the peanuts used in domestic edible products, including peanut butter, candy and salted nuts. Virginia peanuts, produced largely in the Virginia-Carolina region, with their characteristic large kernels, currently dominate the in-shell peanut market. Spanish peanuts, produced mainly in Texas and Oklahoma, are used as salted nuts, in peanut butter, and in candy. The Valencia, a fourth type of peanut, is produced in New Mexico and it has a unique longer shell containing typically three to four kernels which makes an excellent roasted in-shell product.

Peanuts are also produced in six other states (Arizona, Arkansas, California, Louisiana, Missouri, and Tennessee). Changes enacted in the 1985 Act have encouraged increased peanut production in several non-traditional peanut-growing areas.

According to the U.S. Department of Agriculture, the United States is the world's third largest producer of peanuts, accounting for approximately 10 percent of the total world supply of peanuts. The United States is also the world's second-largest exporter of peanuts and peanut products. Twenty-seven percent of the world's total peanut trade belongs to the United States, second only to the People's Republic of China, the world's largest peanut producer.

Exports of U.S. edible peanuts and peanut products have increased significantly since the 1960's. Exports in the 1960's were only three percent of total production, compared with 15 percent in the early 1970's and present-day levels which represent nearly 20 percent of total production. Peanut exports have experienced only one major reduction, due to a significant drought in major peanut-producing areas in 1980. In that year, the U.S. peanut crop was reduced to its lowest level in 17 years. By the early and mid-1980's, exports of peanuts rebounded, reaching record levels in the 1985-1986 crop year. Despite several pockets of drought in peanut-producing regions since the 1985 crop year, exports of peanuts have remained at fairly sizeable levels, over 400,000 short tons in 1988/1989, with a value of over $196 million.

Trade data on world peanut prices establish the fact that U.S. edible peanut exports generally command a price premium over edible peanuts produced in other countries due to the substantially superior quality of U.S. peanuts. Demand for U.S. peanuts abroad is generally a function of availability, the purchasing power of the importing country, the value of the U.S. dollar, and relative price differentials. The primary destinations for U.S. peanut exports have been the European Community countries (specifically the

Netherlands, the United Kingdom, and the Federal Republic of Germany), Canada, and Japan.

In addition to exports of edible peanuts and peanut products, the United States also exports peanut oil and peanut meal. Unlike the rest of the peanut-producing world, which crushes almost 50 percent of its peanut production into either oil or meal, the United States crushes an extremely small proportion of its production. In 1989, less than five percent of total U.S. peanut production was crushed. U.S. exports of peanut meal, used primarily in livestock feeding, are very small, reflecting U.S. consumption of almost all peanut meal production. U.S. exports of peanut oils as a share of total U.S. production in the 1980's have been very erratic, affected by the 1980 drought, the overall global recession, and the strong U.S. dollar that generally inhibited sales of U.S. exports.

The price that peanut farmers receive for their peanuts has increased only 3.9 percent in the period from 1986 through 1990. In 1986, the first year the Food Security Act of 1985 was in effect, peanut farmers received 30.37 cents per pound for the peanuts they grew. Today, in 1990, peanut farmers receive only 31.57 cents per pound for the peanuts they grow.

In short, peanuts provide several important economic contributions to the American economy, from positive balance of trade payments in the form of peanut and peanut product exports, to the impact on the state and local government economies of peanut producing states and regions. Of major importance to American consumers is the ready availability of low-cost peanuts which are an excellent source of protein. The current peanut price support program is instrumental in stabilizing peanut production and also provides for the maintenance of the family farm. At the same time it assures American consumers a steady supply of inexpensive protein.

Historical perspective on the peanut program

Major changes in this country's peanut laws first occurred in 1977 when Congress adopted a two-tier pricing system, designed to increase U.S. peanut producers competitiveness on the world market while stabilizing domestic supplies and farmer income.

In restricting price supports designed to cover the true cost of production of peanuts to those "quota" peanuts which would be sold in the domestic market, Congress maintained a steady domestic supply of an important food item. By allowing the sale of peanuts in excess of the individual farmer's quota in the export market supported at a substantially lower level, Congress attempted to place U.S. producers on an equal footing with subsidized foreign competitors, while protecting an important part of the American food supply. Peanuts produced in excess of the "quota" or domestic market peanuts were "additional" peanuts, or merely "additionals," as they came to be known in the peanut trade, and it was clear that "additionals" would be restricted generally to the export market. The 1977 changes in the peanut program recognized the changing world market in a manner that was truly light years ahead of its time. Congress found a means to put excess domestic supply to good use, without creating a separate export program.

The Agriculture and Food Act of 1981 made several important contributions to the 1977 restructuring of the peanut laws, particularly with respect to opening up the program to new growers through the elimination of acreage allotments and reduction of the "quota" to better align supply and demand. Program participation requirements included active grower participation which weeded out the vast majority of speculative quota holders. Allowing for tighter supply and demand also limited government exposure. By the close of the 1981 Farm Bill period, the 1977 Act and the 1981 Act had resulted in program cost reductions of over 90 percent.

The Food Security Act of 1985 resulted in elimination of all edible peanut program costs through "national cross compliance." National cross compliance requires peanut farmers, in every major peanut growing region of the country, to subsidize any losses incurred with respect to peanuts grown for domestic consumption by taking profits from peanut sales pools.

The 1985 Act expanded opportunities for new growers, who previously had been largely restricted to export market production, and encouraged their participation in domestic market production. In addition to providing for the voluntary release of peanut quota, so that such quota could be obtained by new peanut growers, the 1985 Act also required growers holding quota to produce peanuts at least two out of the preceding three years. Any quota turned over for failure to fulfill this requirement, as well as any quota voluntarily released, could be reassigned anywhere within the State in which it was released. When the national poundage quota increased, the increase was distributed to various States having quota, proportionately among growers with quota, and those growing "additionals" two out of the preceding three years.

Thus, the changes which began in 1977 and continuing through the 1981 and 1985 Acts have worked to limit government exposure while assuring that a steady and reliable supply of peanuts for the domestic market remains available. The two-tier pricing mechanism adopted in 1977 has given U.S. peanut growers a fighting chance in foreign markets where U.S. growers face various kinds of unfair competition. Overall, the peanut program is working well, particularly in light of the fact that all costs associated with the edible quality peanut have been eliminated.

Price supports

The peanut program is a production supply and control program. Total production for domestic edible use is limited generally by poundage quotas reflecting domestic edible requirements. H.R. 3950 contemplates the continuance of this system, and continuance of the two-tier price system first adopted in 1977. Price support levels for quota peanuts in 1991 will be the same level as in 1990, adjusted for increases in the cost of production, up to a level of a 6 percent adjustment. Although peanut growers did not receive the full cost of production adjustments they were entitled to under the 1985 Act, peanut growers, in a spirit of compromise, have agreed to limit the starting point for future cost of production increases, to the level present in 1990.

Critics of the two-tier price system claim that foreign consumers receive a benefit that U.S. consumers do not. These critics claim

U.S. peanuts can be sold cheaper abroad than one can purchase them domestically. As a careful investigation discloses, this is simply not the case.

No less an authority than the Peanut Butter and Nut Processors Association testified on February 27, 1990, before the Subcommittee on Tobacco and Peanuts, that in the case of Canada, for example, "they do not pass this savings on to the Canadian consumer according to our investigation. At retail in Canada peanut butter sells for almost exactly the same price as the same brand sells for in the United States, with salted peanuts costing more and dry roasted peanuts costing considerably more." Figures obtained on overseas prices of peanut butter in several other foreign countries confirmed the fact that foreign consumers do not pay less for American peanuts than do American consumers. By and large, foreign consumers actually paid more than American consumers did for comparable 12-ounce jars of peanut butter, according to a Subcommittee survey.

Clearly, there are some individuals who pocket the profits from reduced prices of peanuts sold on the export market. But once again, it is not the consumer—foreign or American—who is affected one way or another. The very individuals (companies) who complain about this practice may be legally related to companies who purchase additionals for export, perhaps through arrangements such as joint ventures, or as subsidiaries, or as affiliates. Clearly, this represents not a consumer argument but rather a corporate profit argument. In order to determine whether or not it is fair that one corporation makes more profit than another, it would clearly be necessary to do a complete and extensive survey of peanut product manufacturing profit, both here and abroad, before a reasonable judgment might be reached in this regard. In any event, it hardly makes sense to penalize farmers to realize uncertain or unknown goals regarding appropriate levels of corporate profit.

The 1981 farm bill set the minimum price support loan rate for quota peanuts at 27.5 cents per pound, and the support rate for additionals at a level determined by the Secretary that is estimated to result in no cost to the Federal Government. During the four-year life of the 1981 Act, the support rate for quota peanuts rose only ½ cent per pound, from 27.5 cents per pound to 28 cents per pound for the 1985 crop year. In response to the U.S. Department of Agriculture's (USDA) failure to adequately adjust price support levels to reflect true farmer cost increases in cost of production, the Committee increased peanut growers prices to 30.37 cents per pound in 1986. From 1986 through 1990, the price that peanut farmers received for their peanuts increased only 3.9 percent. This 3.9 percent should be contrasted with the increases in peanut butter prices and inshell peanut prices at the retail level, which were substantially greater. In 1990, peanut farmers receive only 31.57 cents per pound for the peanuts they grow, a total increase of 1.2 percent per pound since 1986. It is important to remember that even with these meager cost increases, the cost of the peanut program to the Federal Government associated with the edible quality peanuts which are supported at 31.57 cents per pound remained at zero.

Despite these scanty increases, critics of the peanut program claim peanut farmers do not deserve to make 31.57 cents per pound on peanuts that sell in a Washington, D.C.-area grocery store for $1.99 per pound. Critics, such USDA and peanut product manufacturers, charge that peanut farmers should receive price cuts, if for no other reason than to treat them consistent with other farm programs. The Committee feels compelled to remind USDA that since the enactment of the Food Security Act of 1985, through the mechanism known as National Cross Compliance, peanut farmers have become the only farmers in the nation whose profits are used to eliminate losses in a price support program. In effect, peanut farmers subsidize a legitimate price support program. In addition, program costs associated with edible quality peanuts have been eliminated through the national cross compliance feature, which again, is a distinguishing characteristic.

Critics of the peanut program also charge that the American consumer pays more for peanuts and peanut products because the peanut farmer receives 31.57 cents per pound for the peanuts he or she grows for domestic consumption. The Committee reminds these critics that the price of any farm product sold at the grocery store is a function of how much the consumer is willing to pay the ultimate supplier (i.e., the grocery or convenience store) for the particular farm product in question. Final prices of farm products bear very little relationship whatsoever to prices farmers are paid for the peanuts they produce.

To illustrate this point, it is useful to consider an example with which many American consumers are familiar—peanut butter pricing. On June 20, 1990, a grocery store circular in Washington, D.C. advertised a brand-name 18-ounce jar of peanut butter for $2.59, noting that the consumer would save 10 cents per jar if purchased within the sale period. In a study recently shared with the Committee, an 18-ounce jar of generic peanut butter averaged $1.41 in a five-city survey. A farmer is paid 46 cents for the peanuts in either 18-ounce jar of peanut butter, despite the fact that one jar is significantly more expensive than the other. It is readily apparent that the real culprit in peanut product costs is not the price received by this nation's peanut farmers, but "other" costs associated with the final product. These "other" costs include advertising costs which can be particularly high when a major television or movie personality is hired to represent the product, profits associated with the chain of distribution, packaging, and other marketing costs (i.e., name brand versus generic).

A final argument advanced by critics of the two-tiered price peanut program is that peanuts sold in the domestic market are supported at an artificially high rate which does not reflect the true world market price of peanuts. This argument is faulty for several reasons, most notably because the world market price for peanuts reflects a peanut oil price and not an edible world market price for peanuts. A mere one-third of all peanuts produced by foreign peanut-producing countries are grown for edible purposes. The United States uses more of its peanuts for edible purposes, that is, for food items such as peanut butter, candy bars, in-shell peanuts, and other peanut products. Other major users of peanuts, use such peanuts for oil or meal, and the quality of peanuts used for oil and

meal is generally substantially different or of less concern to the manufacturer. For example, the condition of the kernel is not important to the individual who will be crushing peanuts for oil, whereas the condition of the kernel and the hull is very important to an individual who is manufacturing peanuts which will be sold at the ballpark in-shell. To maintain high quality in-shell peanuts, or peanuts whose condition is of top quality, farmers must take extra care in the production of their peanuts, which warrants additional time and expense.

The following chart shows how several different countries utilize their respective peanut production:

Country	Percentage of consumption (Production less exports) crushed—5 year average	Percentage of consumption for edible use
India	80	7
Argentina	76	10
South Africa	60	35
China	55	37
All Foreign Countries	56	34
United States	20	66

Source: Economic Research Service, USDA

The argument that the U.S. support price does not reflect the world market price is completely erroneous. It is imperative that any judgments made about the world market price and the price support level for quota peanuts be made on the same basis. In other words, if one is going to criticize the price support level for quota peanuts, it must be compared to the world market price for quality edible peanuts, and not to the world market price for peanuts which are crushed for oil or animal feed where condition of the peanut is of less concern to the ultimate user.

If American consumers are serious about saving money, they should make informed choices, like purchasing generic peanut butter instead of name brands. A conservative estimate of the consumer savings which could be achieved if consumers purchased generic, instead of name brand, peanut butter is an amount over $700 million. This is three times larger than the amount USDA claims peanut farmers add to product costs.

With respect to additional peanuts, the support rate in the 1991 through 1995 period must be set at rates that are estimated to avoid any losses to the Commodity Credit Corporation (CCC) and that will continue to maintain the competitive position of U.S. producers on the world market. Price support for additional peanuts is available to all growers, regardless of whether or not the grower also produces quota peanuts. This provision is designed to ensure participation for all peanut growers, especially first-time growers. This provision contrasts with the operation of most other commodity programs, in that there is no requirement that the grower produce peanuts for any specified period of time before becoming eligible for price support for additionals. Other commodity programs often require a producer to grow the particular commodity

for a specified period in order to establish a base before participation in the commodity program in question.

By clearly delineating the factors that must be considered in the establishment of the quota support rate, yet continuing to provide the necessary flexibility to adjust the price support of additional peanuts, it is anticipated that the peanut program will continue to operate at low cost, and ensure adequate supplies of peanuts to meet domestic and export demands. At the same time, growers will receive a fair return on the product they produce.

National poundage quota

In order to assure a steady supply of quality peanuts and avoid costly overproduction, the supply of peanuts is controlled by the use of production quotas. Growers must plant two out of every three years in order to qualify for the higher support rate assigned to quota peanut production.

H.R. 3950 maintains the current national poundage quota at a minimum of 1.35 million pounds with direction to the Secretary to raise the quota figure if necessary to meet domestic needs. In limiting quota price supports to those peanuts used domestically for edible, seed, and related uses, it is anticipated that costs associated with the program will again be zero for edible quality peanuts.

As specified in the Food Security Act of 1985, the national poundage quota is announced by December 15 of each marketing year by the Secretary. In years prior to 1988, the national poundage quota was sufficient to supply domestic edible uses from quota stocks with additional peanuts stocks available through the "buy back" or association sales route. Additional peanuts handled through the loan process are pooled by the area marketing association and, after sales are made, with expenses deducted, profits are distributed to participating producers as dividends. This feature of the peanut program has historically given the producer the necessary flexibility to supplement quota peanut sales returns with supplementary returns on additional peanuts, as he or she filled a gap in the domestic market. Until recently, the additional peanut pool was successful, in most years, in providing a return to producers which nearly mirrored the quota price. It is important to point out that profits in additional peanut pools have also served the Federal Government well as these profits are available to cover outlays associated with the peanut program. The Government benefits from a tightly-controlled quota supply and should make every effort to keep supply and demand in line. If the Government must err, it is better that the federal government err conservatively, that is, with a smaller, rather than larger, domestic quota.

Since 1985, the national poundage quota has increased 42 percent, reaching the point where many in the peanut industry feel the quota level for the 1990 crop is more than adequate to satisfy domestic consumption. In other words, there are many in the peanut industry who feel the quota may be set somewhat too high to achieve the optimum profits from additional peanut pools, which, as previously discussed, are useful in terms of offsetting program outlays, and reducing government exposure. The direct effect of a national poundage quota which is slightly too high is to limit the possibility of the use of additional peanuts in the domestic

market. This also circumvents new growers selling directly to the domestic market, a feature which additional peanut production was meant to provide. Instead of having a combination of quota and additional peanuts available to be used domestically, each ton of additionals used domestically has the potential to displace a ton of quota peanuts. This ton of quota peanuts must then be crushed at prices far below support prices which has the potential to undermine the effective operation of the peanut program.

To illustrate the displacement of quota peanuts by additionals under a system where the quota is set slightly larger than it should be to achieve the maximum return for the peanut program, one should look carefully at "buy back" of additional peanuts during the period of the 1985 Act. "Buy back" purchases ranged from 130,936 tons in 1987 to 52,522 tons in 1989. The 78,414-ton difference represents a 60 percent decrease in "buy back" purchases from 1987 to 1989. At the same time a careful consideration of the number of net additionals used to supplement domestic purchases, which can be calculated by adding together additionals used domestically ("buy back" purchases plus area marketing association loan redemptions) and subtracting from that figure quota peanuts sold for crushing. This result has ranged from a high of 168,265 tons in 1987, to 12,654 tons in 1989, or a 92 percent decrease in just two crop years.

There are two principal reasons why the decrease in the amount of "buy back" purchases and the corresponding decrease in the amount of net additionals used to supplement domestic purchases are of concern to the Committee. First, the level of the national poundage quota has a direct bearing on these figures. These decreases occurred while the quota was increasing only six percent over the same two-year span. Further, USDA announced on December 15, 1989 that the national quota level for the 1990 crop at 1,560,000 tons, or a 8.3 percent increase over 1989 levels. The Committee is particularly concerned this drastic increase is not warranted, especially in view of current consumption figures, and cautions USDA that if the national poundage quota is set too high, leading to program costs, USDA alone is responsible for this particular dilemma. Congress has given USDA the authority to set quotas. However, USDA should be mindful of the substantial necessity of responsibly administering the peanut program in a manner which limits any program costs.

Since the 1985 Act added the requirement of "national cross compliance," which was specifically added to the peanut program to limit Federal Government exposure to program costs, USDA is obligated to read all provisions of the peanut program to achieve the overall objective of limited taxpayer exposure. USDA cannot willy-nilly increase quota, limiting the overall success of the program, while at the same time digging into additional pool profits to cover losses. Depletion of the pool profits to the point where there are not any pool profits is clear abrogation of USDA's responsibility to see to the fiscally-responsible operation of the peanut program. In summary, the Committee reminds USDA that it is to set the national poundage quota at a level which represents, tightly, the amount necessary for domestic edible, seed, and related uses, while it keeps program costs at a minimum, utilizing features such as na-

tional cross compliance to achieve this objective. USDA may not ignore the fiduciary responsibility it has to the growers when it takes pool profits, by squandering this money on excess quota which USDA alone is responsible for setting or determining. There may be those in the peanut industry who clearly would want an excess supply of peanuts, which would naturally have a depressant effect on peanut prices. At the same time these individuals may not want farmers to make a profit on additional peanuts through the operation of the "buy back" feature of the program. Nevertheless, the program is operated for the benefit of American peanut farmers and American consumers, who both clearly benefit from a peanut program which represents minimal costs in the Federal budget. The Committee reminds USDA that it should not take steps which might be interpreted as undermining the operation of the peanut program, particularly through the quota setting mechanism.

Special allocation for land-grant colleges and universities

The Committee recommends that up to one-tenth of one percent of a State's basic quota, originating in the State's quota reserve, be made available for research and experiment stations operated by State land-grant colleges and universities. Due to a change in USDA regulations, experiment stations lost the right to produce peanuts. Sale of peanuts produced at these research and experiment stations has financed important peanut research projects which have benefitted peanut growers and the peanut industry.

Marketing Penalties

Current law provides for various penalties when certain situations occur which have been deemed harmful to the overall effective operation of the peanut program. It has previously come to the attention of the Committee that there were certain situations which arose during USDA's consideration of particular marketing penalties which did not impair the effective operation of the program, and which were principally due to minor or inadvertent paperwork-type errors. Unfortunately, the Secretary, under present law, has no authority to reduce the marketing penalties imposed below 40 percent of the quota support price. This provision allows the Secretary to reduce marketing penalties, where there was a minor or inadvertent error, for example, a clerical error, as long as the operation of the peanut program is not impaired. The authority the Secretary has to reduce such marketing penalties is clearly within the Secretary's discretion.

Supervision of Additional Peanuts

The Food Security Act of 1985 allowed handlers of additional peanuts to export or crush peanuts which were classified as other kernels in order to fulfill export obligations. However, the question of whether or not sound mature kernels, which include sound whole kernels and sound split kernels, could be crushed to fulfill export obligations was not clearly addressed. Therefore, USDA has not had the necessary guidance to address this particular issue.

H.R. 3950 will permit the handler of additional peanuts to crush *any* additional peanuts that could otherwise be exported, with the

credit received by such handlers for crushing to be the same credit the handler would have received if these same peanuts had been exported. In short, the handler of additional peanuts will be permitted to export *or crush* additional peanuts in order to fulfill export obligations.

In addition, contracts entered into for the disposal of additional peanuts, as prescribed by the Secretary, may express that it is the contracting parties' intentions that the peanuts be either exported or crushed. It is not necessary, at the time of entering into a contract for additional peanuts, that the parties decide whether or not the peanuts be exported or crushed, since either alternative is permissible to satisfy the disposition requirements regarding additional peanuts.

With respect to non-physical supervision, the 1985 Act required the full accounting of additional peanuts, which were classified into three categories, under non-physical supervision. Those categories were sound splits, sound mature kernels, and other kernels. Complete interchangability, to satisfy export requirements, was permitted in the sound mature kernel category. Sound mature kernels that were whole kernels could be freely substituted to satisfy export obligations, however, substitution of sound mature kernels that were sound split kernels was not permitted.

By permitting the handler of additional peanuts to substitute sound mature kernels that are sound split kernels for sound mature kernels on a equal poundage basis in order to meet export or crushing obligations, a distinction without particular meaning will be rectified. The Committee sees no reason to treat sound split kernels, which are sound mature kernels, as any differently than sound mature kernels which are whole kernels. In other words, there should be only one category of sound mature kernels, which contains both "splits" and whole kernels in order to meet export obligations. The category of other kernels will remain the same as in current law, and other kernels are not intended to have any interchangability with sound mature kernels in order to meet export or crushing obligations. In order that handlers of additional peanuts not receive a benefit which peanut growers are denied, in terms of discounts paid for sound mature kernels which are sound splits, any sound splits which are purchased by a handler from the producer *at a discount* must be exported or crushed and cannot be interchanged with sound whole kernels.

The Committee intends one final adjustment in the obligation of a handler of additional peanuts to export or crush, namely, allowing for a 4-percent shrink, with respect to the satisfaction of handlers' export or crushing obligations. Present law permits a shrinkage allowance of a minimum of 4.5 percent. This provision merely alters the amount of shrinkage permitted from 4.5 percent to four percent and does not substantively affect current regulations in any other manner. As with present law, the Secretary may make a determination that a greater shrinkage is warranted.

TITLE IX—WHEAT

Wheat is the principal food grain produced and consumed in the United States and worldwide. Americans consume annually an av-

erage of 128 pounds of wheat products, mainly in the form of flour, a 10 percent increase over the last decade.

The 1990 wheat harvest will contribute over $8 billion to the Nation's economy, placing wheat fourth behind corn, hay, and soybeans, in value of all field crops produced. U.S. farmers supply an average of 40 percent of the wheat traded in international commerce. Wheat exports over the past five years have ranged from a low of under 40 percent of total production, approximately 900 million bushels, to as high as 77 percent of the annual harvest, nearly 1.5 billion bushels, making this crop one of American agriculture's most important export crops. Wheat products are also staples of domestic feeding and nutrition and overseas food aid programs.

There are 446,000 farms, in virtually every State, which produce wheat. U.S. farmers grow and export all five major classes of wheat: (1) hard red winter, the largest, used primarily for bread and all purpose flours; (2) soft red winter, used for cakes, pastries, and crackers; (3) hard red spring, also used for breads; (4) white, used for noodles and some pastries; and (5) durum, from which pasta is made.

The Committee's legislation carries forward the same goals which have been at the root of agricultural programs in place throughout the 20th century. The rationale for modern wheat programs can be traced back to the market dislocations and severe shortages which threatened domestic food security following World War I. However, early attempts to stabilize wheat production failed to manage the boom-and-bust cycles which plagued American wheat production and ceased to function in the late 1920's.

The instability and financial crisis which struck American agriculture in the Depression years gave rise first to the Agricultural Adjustment Act of 1933 and its successor, the Agricultural Adjustment Act of 1938. Both laws attempted to stabilize the wheat economy by stabilizing the income of wheat producers through a system of production and marketing controls and price and income supports. The 1938 Act introduced into the wheat program the following concepts, many of which remain in varying forms, in current law: nonrecourse loans, storage payments, direct payments, acreage allotments, marketing quotas, export subsidies, and conservation incentives.

Severe food shortages in Europe and a rapidly expanding domestic economy placed new strains on U.S. wheat producers. In spite of the economic recovery, crop prices, due in part to wartime price controls, remained artificially low in the 1940's. Postwar farm legislation sought to stimulate production by increasing price support levels to meet new demand and the removal of marketing quotas and acreage allotments. Throughout the 1950's, price support levels continued at relatively high levels. But absent the production and marketing control features of prewar programs, surpluses of wheat gradually climbed until, by the early 1960's, domestic surpluses of wheat exceeded one year's use.

Under the Agricultural Act of 1964, price supports were lowered significantly and acreage-idling requirements were made entirely voluntary, a new concept at that time and still in effect. This legislation introduced a new feature also still integral to the wheat program: income support payments, then made in the form of certifi-

cates issued to growers. The concept of providing direct compensation to farmers who agreed to contribute to efforts to manage wheat production is still central to the Federal wheat program.

Tied to increasing efforts to expand shipments of U.S. wheat overseas, begun first in the 1950's, especially in the form of foreign food donation and assistance programs, the 1964 legislation recognized the increasingly global nature of the U.S. wheat production industry and the need to ensure the competitiveness of U.S. wheat in that market.

The world agriculture economy was again shocked by world food shortages during the 1970's and the unprecedented purchases of U.S. grains by foreign customers. One of the main goals of the Agriculture and Consumer Protection Act of 1973 was to keep U.S. farm goods priced competitively, by lowering further the price at which wheat was supported through the loan program, while still protecting the viability of farms producing wheat through direct income support payments. The concept of the deficiency payment and target price was added to the 1973 Act, and has remained a critical feature of all subsequent programs. Under this program, the government has sought to stabilize the wheat industry by providing farmers with direct payments equal to the difference between a Federally-set price and the higher of the actual market price for the commodity or the price support level.

In 1981, in response to generally favorable trends for exports as well as rapidly increasing production costs for wheat producers, Congress enacted legislation which over the four years it was in effect increased the level of both income and price supports. Domestic and foreign production increased just as a world recession and international credit strictures greatly limited export markets. Higher U.S. supports allowed competitors to undersell American producers in the remaining export markets. The production control mechanisms in that legislation were unsuccessful in preventing large accumulations of surpluses.

The Food Security Act of 1985 lowered price supports and reversed course from the 1981 Act in an attempt to ensure that American wheat producers would make farming decisions based more on market signals and less on government programs. At the same time, this legislation continued income support payments to assist farmers in making the transition to the lower market prices which resulted.

Unless Congress enacts legislation to replace the expiring 1985 Act, the 1991 wheat crop will be subject to the provisions of the Agricultural Act of 1949, which would impose upon American agriculture a system designed for the food and fiber industry as it existed 50 years ago. To ensure the continued vitality of the wheat industry, the Committee has developed legislation which will continue broad policy guidelines of existing programs which have met the diverse needs of consumers, farmers, users, and exporters during the difficult times of the late-1980's. The wheat title of H.R. 3950 continues, with refinements, the applicable provisions of the 1985 Act which provided farmers benefits to assist them in making the transition to a policy more sensitive to market forces than previous policies.

U.S. wheat production continues to be a highly volatile and variable industry. In spite of technological advances which have yielded more productive varieties of wheat and more efficient production techniques, wheat production continues to be subject to the vagaries of weather, macroeconomic variables, and changes in international trading patterns. For example, in spite of a projected near-record harvest of wheat in 1990, wheat supplies are presently at their lowest level since 1975, due in large part to the dramatic drop in production during the 1988 and 1989 droughts and increased world purchases.

The Committee's legislation is designed to provide the U.S. wheat industry the economic stability and predictability it will need to continue to meet projected increases in domestic demand for food and the international demand for exports of U.S. wheat. The legislation does this in three ways: (1) it provides for the continuation of a system of stable income supports for wheat producers; (2) it amends the operation of the wheat program to provide better balance between food security needs, export demand, and price supports; and (3) it provides for a closer relationship between supplies and demand for wheat and production adjustment provisions of the wheat program.

Wheat production, like all farming, is a capital-intensive industry and returns on expenditures for real estate and equipment are realized years after the initial investments. Over the past five years, market prices for wheat have fluctuated tremendously, at first falling over 20 percent from the 1985 crop to the 1986 crop before increasing over 50 percent from those lows by the time of the 1990 harvest.

Although program payments for wheat producers initially rose under the 1985 Act, Government expenditures have trended downward with each successive crop. As conditions of the wheat economy improved due to better balance between supply and demand and increased exports, wheat farmers have become increasingly reliant on market returns under existing programs. The portion of total income of wheat farmers represented by Government payments has dropped from a high of over 40 percent in the mid-1980's to under 25 percent, at the same time total income for wheat farmers increased by 25 percent.

Over the same period, as U.S. wheat prices fell in response to the market-oriented provisions of the 1985 Act and Federal outlays increased to assist farmers during the transition, retail prices for wheat-based foods showed little change in response to Government policies. The farm value of a typical loaf of bread, for example, has stayed relatively stable at approximately 15 percent; compared to distribution costs which normally amount to as much as 40 percent of the retail price. It was, in the main, the income support provisions of the 1985 Act which ensured the stability of the wheat industry, in turn ensuring the stability which consumers realized in prices for wheat products. The Committee's legislation extends through the 1995 wheat crop the same level of income support as is in place for the 1990 crop of wheat. Unlike the 1985 Act which permitted gradually declining levels of income support for wheat growers over five crops, the Committee's legislation stabilizes income support levels. Wheat farmers who agree to participate in the

annual program for wheat administered by the U.S. Department of Agriculture (USDA) will be eligible to receive payments equal to the difference between $4.00 and the higher of the average market price for wheat during the first six months of the marketing year or the amount per bushel of price support loans farmers are eligible to receive for the crop.

One of the most significant changes from previous law made by the 1985 Act was the change in price support loan levels for wheat. Under the annual wheat program, farmers may receive from USDA a loan equal to the amount of wheat produced on the farm multiplied by the loan rate in effect for that crop. Under the 1985 Act, the Secretary set the loan rate between 75- and 85-percent of the average market price of wheat for the preceding five years, except that the year-to-year reduction could not exceed five percent. The 1985 Act permitted the Secretary to lower that rate an additional 20 percent if such an adjustment were necessary, in the eyes of the Secretary, to maintain the competitiveness of U.S. wheat in world markets. Farmers who receive such loans pledge their crop as collateral and at the end of the nine months term of the loans must repay the principal amount plus interest or may forfeit the collateral to the CCC, the USDA entity responsible for income and price support functions.

As wheat loan rates escalated from 1981 through 1985, two related developments occurred: (1) U.S. wheat producers gradually lost market share as foreign wheat production and foreign exports expanded and (2) the amount of wheat forfeited to the CCC rose so that by the end of the 1985 marketing year for wheat, the Government owned nearly one year's supply of wheat. In response, under the provisions of the 1985 Act, the Secretary dropped wheat price support loan levels the maximum extent possible for each crop of wheat from 1986 through 1990.

The reduction in loan rates for wheat made U.S. wheat competitive in the world market, produced greater risk for foreign wheat producers, and was partly responsible for the ability of U.S. wheat farmers to recapture approximately 40 percent of the world wheat market by 1990. At the same time, the 46-percent reduction in these levels placed financial pressures on wheat farmers, who use the loans to defray production and harvesting costs and as marketing tools to enable them to market wheat later in the marketing year, following harvest season price lows. As U.S. wheat exports increased and as production declined, partly due to the effects of two years of drought, stocks fell to under 20 percent of annual use.

The legislation the Committee has developed brings better balance to the setting of wheat price support levels and supply and demand for wheat. Under the Committee bill, the primary determinant for establishing the loan rate for wheat continues to be the average market price of wheat. This level is set at 85 percent of the average market price for the preceding five crops, excluding the highest and lowest annual prices, thus ensuring that wheat loan levels will be set at rates fair and reasonable to market prices and not interfere with the competitiveness of U.S. wheat.

In addition, the Secretary is given authority to make further adjustments in the loan levels based on the amount of wheat stocks on hand, providing for further refinements in the price support

level for wheat based on annual market conditions. If the supply of wheat will exceed 30 percent of use, the Secretary may lower the effective loan level for wheat by 10 percent. If the stocks-to-use ratio is below 30 percent but 15 percent or more, the loan rate may be adjusted downward by five percent. And if the stocks-to-use ratio is under 15 percent, the loan rate may not be adjusted further.

The Secretary may further adjust the loan level for wheat downward by an additional five percent, without regard to the level of stocks on hand, if such a further reduction is needed to keep U.S. wheat competitively priced in the world market.

To ensure the judicious use of this authority, the legislation requires that if the Secretary determines to make such reductions in the loan level for wheat, that determination be transmitted to Congress for review by the agriculture committees and that the Secretary certify that the reductions are warranted based on market conditions. In addition, the legislation provides that if loan levels are reduced under these circumstances, the Secretary must compensate wheat farmers for the reductions by making payments based on the average market price for the entire marketing year. Such reductions are not factored into the setting of loan levels for subsequent crops.

This system of setting loan rates ensures that the essential price-determining feature of the wheat program comports with overall objectives of the legislation in terms of keeping U.S. commodities in competitively priced, based on market signals, and ensuring adequate supplies of commodities available for domestic consumption.

According to Committee projections based on estimated market prices at the time of the development of the legislation, the effect of these changes is to increase projected loan levels as much as 25 percent from the levels at which they would be set if the formula of the 1985 Act were continued for another five years. While this change will ensure that loan rates are determined with greater consideration for market conditions and the financing needs of wheat farmers, the changes made in the legislation will not interfere with the competitiveness of U.S. wheat. The same Committee estimates project loan levels at approximately 80 percent of market prices over the life of the legislation, sufficiently low so as not to interfere with the orderly marketing of wheat.

The stability of the wheat program is further enhanced under the Committee's legislation by changes made in the annual acreage limitation requirements. Under the wheat program, farmers must idle a percentage of their wheat acreage, as determined by the Act, and devote this acreage to conserving uses. This feature of the program is designed to ensure that production and demand stay within reasonable balance.

Under the 1985 Act, the Secretary was required to implement an acreage limitation of not less than 20 percent but not more than 27.5 percent for each farm participating in the wheat program if wheat supplies were projected to exceed one billion bushels. If projected supplies of wheat were projected to be below one billion bushels, the Secretary has been prevented from implementing an acreage limitation in excess of 20 percent.

Although this system of determining acreage limitation requirements has been in part responsible for the gradual decline in wheat surpluses over the life of the 1985 Act, it is highly arbitrary and removed from actual market conditions.

In developing this legislation, just as the Committee revised the determination of annual loan levels to be more sensitive to market conditions, the Committee has revised the determination of annual acreage limitation factors. Under the legislation, the level of wheat land participating producers must idle will be determined by the amount of wheat projected to be on hand in the U.S. for that crop. If stocks are projected to exceed 40 percent of use, the Secretary would be required to establish a limitation factor of not less than 20 percent nor more than 30 percent for each farm. For crops when stocks are projected to be under 40 percent, the acreage limitation factor may not exceed 20 percent.

With these changes in place for the next five years, the Committee is confident American wheat producers and consumers will have a stable economic environment and stable supply of wheat. This bill will enable farmers to invest and operate with predictability in terms of annual Government programs and will also ensure that the essential features of those programs remain sensitive to market conditions so that consumers are assured of adequate and affordable supplies of wheat and wheat products.

Title X—Feed Grains

The United States is the world's largest producer and consumer of corn, the leading feed grain in the world. Second among feed grains to the production of corn in the U.S. is grain sorghum. Barley is the third most important feed grain, followed by oats, which, in farm value, ranks as the sixteenth most important field crop produced in the U.S.

Grown on over 600,000 farms, corn production is a twelve billion dollar per year industry. Each American consumes the equivalent of over 1100 bushels of corn annually, primarily in the form of meat, livestock products, and corn by-products. Eighty percent of all livestock feed, for cattle, hogs, and poultry, is corn. High fructose corn syrup is one of the fastest growing uses of corn, accounting for nearly fifteen percent of corn use and are projected to continue growing by as much as three percent annually. Over one billion additional bushels of corn are used each year for a variety of industrial purposes, beverage alcohol, and, increasingly, for the production of ethanol as an extender and additive to gasoline for motor vehicles, which constitutes slightly under five percent of all corn usage. In addition to the domestic market, U.S. corn growers supply more than seventy percent of the corn traded in world markets.

The value of payments made under the annual corn program and farmers' reliance on these payments has fluctuated in the 1980s, due in part to three major droughts throughout corn producing regions during the decade. In 1984, following the drought of 1983, payments from the government under the program constituted less than nine percent of corn farmers' total receipts. In 1987, following

a bumper harvest and weak prices, program payments accounted for nearly sixty percent of corn farmers' receipts.

The annual corn program's ability to moderate fluctuations in production and supply has also served to moderate changes in consumer prices for corn-fed meats and other livestock products. For example, a recent survey of farm prices for corn indicated a six percent increase; however, retail prices for meats during the same period increased a nominal one percent.

The U.S. produces one-third of all the grain sorghum grown in the world, most of it concentrated in the southern and central plains states on some 100,000 farms. Grain sorghum, also known as milo, has a farm value of over $1 billion annually.

Exports of milo vary annually, ranging from fifteen percent to as high as thirty-five percent of annual production. U.S. exports represent over seventy-five percent of all world trade in grain sorghum. The most prevalent use of milo is as a livestock feed. Approximately ninety-eight percent of all milo used domestically is for feed, primarily for cattle.

Government payments under the grain sorghum program as a percentage of total producer income peaked in 1987 at forty percent and have, as prices have strengthened, fallen to approximately twenty-five percent of farmers' receipts.

The effects of the grain sorghum program on consumers are consistent with the effects of the corn program on retail prices for meats and livestock products. For grain sorghum specifically, Department of Agriculture analyses show that sorghum prices account for only approximately five percent of meat prices and prices for sorguhm fed meat products increase only one percent for each four percent increase in sorguhm.

Barley production is concentrated in the Pacific Northwest and northern plains. The third leading feed grain produced in the U.S., barley is grown on approximately 52,000 farms, eighty percent of which are located in North Dakota, Montana, Idaho, Minnesota, and Washington.

Sixty percent of the annual barley crop is used for feed for dairy and beef cattle. Another thirty percent of the crop is used by malters for the production of beer. The remainder of the crop is exported. The value of the U.S. barley crop exceeded $900 million in 1987, ranking barley ninth of all field crops prior to the two drought reduced crops of 1988 and 1989.

Since the 1960s, federal farm program have included barley to stabilize the economic conditions of barley production, in recognition of the substitution between barley and other livestock feeds and the fact that surpluses and weak prices for one feed have generally resulted in similar market conditions for barley. While barley yields have reflected the same trends in evidence for other crops by increasingly steadily over the past thirty years, real revenue per acre of barley production has fallen and in real terms only averages the returns realized in the 1950s. Similarly, costs of barley production have doubled during the last fifteen years, but revenue per acre, including government payments, have risen less than fifty percent.

An important feature of the barley market is the distinction between feed barley and malting barley. High quality barley used for

malting purposes can be produced only from certain barley varieties and the grain itself must also possess certain quality characteristics to be acceptable to malters. For example, adverse conditions during the growing season can frequently diminish the quality of the grain to the point it is unsuitable for use in beer.

The principal domestic use of oats is for livestock feed and a specialty feed for race horses. However, increasing concerns about health have reinvigorated the demand for oats for human consumption. Recent studies have indicated that certain fibrous plant materials may help lower serum cholesterol levels, provided those fibers are water soluble, as is oat bran. These studies have led to increases in human consumption of oats as oatmeal, which accounts for approximately one-half of total human oats consumption. Other uses include oat flour, meat extenders, cookies and breads, baby foods, and in certain cosmetics. In 1989, food, seed and industrial uses increased by ten percent, 110 million bushels, which account for one-fourth of total use.

Exports of U.S. oats have declined from a record of fifty-seven million bushels in 1973 to only one million bushels in the past several years. World trade in oats is highly variable and the quantity traded is small relative to other feed grains such as corn. Since the mid-1980s, the U.S. has become the largest importer of oats. Oats imports are forecast at sixty million bushels in 1990, compared to an average of only three million bushels for the past twenty years.

The amount of land enrolled in the annual oats program over the past three years has ranged between five million to just under seven million acres, compared to average annual plantings in the program in the mid-1950s of approximately forty million acres. The reasons for the decline are manifold.

Oats yields per acre have not kept pace with the increases in the per acre yields of corn, other feed grains, and wheat, crops which frequently compete with oats.

Use of oats for 1989 is forecast at 411 million bushels, while up forty percent from the drought of 1988 that figure is still down by twenty-four percent from higher use levels set in 1985 when consumption reached 544 million bushels. The decline in using oats for feed is the largest factor. On-farm feeding has fallen from ninety percent of total use in the 1950s, to just sixty percent today.

A major cause for these trends in oats production is the structure of farm programs. Since 1982, the program acreage bases for oats and barley have been combined into a common oats and barley acreage base. On this base a farmer could plant any combination of oats and barley. Because the target price for barley gave farmers a greater return than did the oats target price, barley production has increased at the expense of oats production. Oats acreage also declined as a result the enrollment of one million acres of oats acreage into the long term conservation reserve program.

The evolution of the Committee's legislation can be traced back to attempts following World War I and during the Depression to stabilize the production and marketing of feed grains, to prevent price fluctuations and disruptive changes in the availability and supply of livestock feeds, which translated into changes in prices of meats and other livestock products.

The Agricultural Acts of 1933 and 1938 introduced farm program concepts which have remained in feed programs to the present. Farmers who agreed to limit production in order to stabilize the feed grains market were given payments under the 1933 Act and nonrecourse loans, used to support prices, were introduced with the 1938 Act. In addition price supports, accomplished through direct purchases of corn by the CCC and by relatively high crop loans and price controls enabled feed grains producers to meet the demands of the post-war recovery and the demands faced during the Korean War.

Acreage limitations, called acreage allotments based on national corn demand, were in place and compliance was a condition for receiving price support loans during various years of the 1950s. In addition to this method of attempting to balance production and demand, Congress enacted the Food for Peace program to channel U.S. farm goods into overseas development projects and to meet humanitarian needs for the recovery of Europe. However, as new varieties of hybrid corn became popular, production of corn began to outpace demand and by the end of the 1950s, surpluses became commonplace.

In the Agricultural Act of 1961, corn producers were given additional incentives to manage production through payments designed to encourage greater devotion of corn acreage to conserving uses. These diversion payments were soon complemented with a system of direct payments, making the program a precursor of the present system of price support loans and direct income support deficiency payments, similar to today's programs. The demands of the 1970s, in terms of world food shortages and abnormally large purchases of U.S. corn by foreign customers, led to further refinements in the feed grains programs. It was with the 1973 farm legislation that Congress first formally established the present day target price concept, by which farmers receive compensation when market prices fall below specified levels in order to stabilize the productive capacity of the feed grains industry.

The strong export demand of that decade plus rapid increases in land and other production costs led Congress, in 1981, to establish a gradually increasing scale of both price and income supports. However, economic trends soon reversed and U.S. exports of corn and other feed grains fell as the level of price supports priced U.S. corn above the levels of corn produced by competitors and the value of the dollar relative to other currencies made U.S. commodities less competitive. U.S. exports declined from 1981 to 1985 by fifty percent.

The 1985 legislation, the Food Security Act, sought to redirect these policies. Price support levels were reduced substantially to regain market share, at the same time, income support levels were reduced comparatively less to provide a shelter for farmers during the transition to the more market oriented policies of the legislation. In spite of the success of this legislation, the U.S. feed grains sector remains subject to fluctuation caused by weather as evidenced by the severe drop in production during the 1988 drought.

Unless Congress enacts legislation to replace the expiring 1985 Food Security Act, the 1991 crops of feed grains will be subject to the provisions of the Agricultural Act of 1949, which would impose

upon American agriculture a system designed for the food and fiber industry as it existed fifty years ago and insulated from most market forces. To ensure the continued vitality of the feeding industry, the Committee has developed legislation which will continue broad policy guidelines of existing programs which have met the diverse needs of consumers, farmers, users, and exporters during the difficult times of the mid-1980s. The feed grains title of H.R. 3950 continues, with refinements, the applicable provisions of the 1985 Act, which provided farmers benefits to assist them in making the transition to a policy more sensitive to market forces than previous policies. In addition, the Committee's legislation addresses inequities in the barley program and provides incentives to reduce U.S. reliance on oats imports.

Like the production of other grains, feed grains production in the U.S. continues to be a highly volatile and variable industry. In spite of technological advances which have resulted in more efficient production techniques, the growing of feed grains continues to be subject to the vagaries of weather, macroeconomic variables, and changes in international trading patterns. For example, in spite of one of the largest harvest of corn in a decade in 1990 and eighteen percent increases in corn yields from 1978 to 1987, the U.S. presently has only about a two months supply of corn on hand to meet unexpected demand.

The Committee's legislation is designed to provide the feed grains industry the economic stability and predictability it will need to continue to meet projected increases in domestic demand for feeding and the international demand for exports of U.S. feed grains. The legislation does so in three ways: one, by providing for the continuation of a system of stable income supports for feed grains producers; two, by amending the operation of the feed grains program to provide better balance between food security needs and feeding needs, export demand, and price supports; and three, by providing for a closer relationship between supplies and demand for feed grains and production adjustment provisions of the feed grains programs.

Like all farming, producing corn, milo, barley, and oats is a capital intensive industry and returns on expenditures for real estate and equipment are realized years after the initial investments. Over the past five years, market prices for feed grains have fluctuated tremendously, at first falling as a result of policy changes implemented following the passage of the 1985 Act and administrative actions taken by the Secretary and then rising as surpluses gradually were reduced.

The Committee's legislation extends through the 1995 crops the same level of income support as in place for the 1990 crop of corn, milo, and oats. Unlike the 1985 Act which provided for a gradually declining amount of income support for feed grains growers over five crops, the Committee's legislation stabilizes income support levels. Farmers who agree to participate in the annual program for feed grains administered by the Department of Agriculture will be eligible to receive payments equal to the difference between $2.75 for corn, and for milo, feed barley, and oats, comparable amounts based on the feed value relationships of those crops to corn, and the higher of the average market price for the crop during the first

six months of the marketing year or the amount per bushel of price support loans farmers are eligible to receive for the crop.

In the case of barley, the Committee's legislation corrects inequities due to the melding together of feeding and malting barley prices in income support calculations. Prices for malting barley generally run about twenty cents per bushel over feeding barley but in some years, such as 1988, the spread between malting barley and feed barley increased to as much as $2.00 per bushel. The 1985 Act established an income support level derived from the feed energy value of barley to corn. Accordingly, all barley production received equal income support, in spite of the distinct end uses of malting and feed barley.

However, actual income support payments under the 1985 Act have been computed based on a sales weighted average market price which includes both types of barley. As a result, as spreads between malting barley and feeding barley increased, as they have during the drought years of 1988 and 1989, feed barley growers have been at a disadvantage, so much so that growers have had to repay some income support payments although market prices for feed barley reflected no appreciable increase.

To eliminate the possibility of such inequities in the future, the Committee's bill applies a target price for the 1991 through 1995 crops of barley equal to the level of income support in place for the 1990 crop, $2.36 per bushel. In addition, the bill eliminates the average market price of malt barley in the determination of income support payments, ensuring the feed barley producers are not treated adversely due to market price movements for malt barley which may be totally unrelated to market prices for feed barley.

To meet the needs of increasing domestic demand for oats, the Committee's legislation continues provisions of the 1985 Act which permit farmers to devote all of a farm's crop acreage base to oats production without penalty or forfeiture of eligibility for future program benefits. The legislation also includes a new provision to reduce U.S. reliance on oats imports.

One of the primary reasons oats are planted is for a cover crop on acreage idled under other annual commodity programs. However, restrictions on the uses of which such idled acreage prevent farmers from harvesting those oats for grain, in spite of U.S. imports of approximately fifty to sixty million bushels of oats annually. The Committee's legislation will allow farmers to harvest oats planted on idled acreage in those years the Secretary determines that domestic oats production will not meet expected domestic demand. As a further incentive to increase domestic production, the Secretary is given the authority to make oats program payments on oats planted on idled acreage.

One of the most significant changes from previous law made by the 1985 Act was the change in price support loan levels for feed grains. Under the annual programs, farmers may receive from the Department of Agriculture a loan equal to the amount of feed grains produced on the farm multiplied by the loan rate in effect for that crop. The 1985 Act set the determination of the loan rate between seventy-five and eighty-five percent of the average market price of corn for the preceding five years, except that the year to year reduction could not exceed five percent, and permitted the

Secretary to lower that rate an additional twenty percent if such an adjustment were necessary, in the eyes of the Secretary, to maintain the competitiveness of U.S. corn and other feed grains in world markets. Farmers who receive such loans pledge their crop as collateral and at the end of the term of the loans, nine months, must repay the principal amount plus interest or may forfeit the collateral to the Department of Agriculture's Commodity Credit Corporation, the USDA entity responsible for income and price support functions.

As loan rates escalated from 1981 through 1985, two related developments occurred: one, U.S. producers gradually lost market share and corn exports dropped by nearly one-half, from a high of 2.4 billion bushels per year to just over one billion bushels as foreign production and foreign exports expanded and two, the amount of grain forfeited to the CCC rose so that by the end of the 1985 marketing year, the government owned nearly twice the amount it had at the beginning of the decade, nearly one-half year's supply of corn. In response, under the provisions of the 1985 Act, the Secretary dropped price support loan levels the maximum extent possible for each crop from 1986 through 1990.

The reduction in loan rates resulted in lower prices for U.S. feed grains in the world market, produced greater risk for foreign farmers, and was partly responsible for the ability of U.S. farmers to recapture approximately seventy percent of the world corn market by 1990. At the same time, reduction in these levels placed additional financial pressures on farmers, who use the loans to defray production and harvesting costs and as marketing tools to enable them to market their crops later in the marketing year, following harvest season price lows. As U.S. exports rebounded and as production declined, partly due to the effects of two years of drought, U.S. stocks have shown commensurate declines.

The legislation the Committee has developed brings better balance to the setting of price support levels and supply and demand. Under the Committee bill, the primary determinant for establishing the loan rate for corn and other feed grains continues to be the average market prices of the crops. This level is set at eighty-five percent of the average market price for the preceding five crops, excluding the highest and lowest annual prices, thus ensuring that feed grains loan levels will be set at rates fair and reasonable to market prices and not interfere with the competitiveness of U.S. crops.

In addition, the Secretary is given authority to make further adjustments in the loan rates based on stocks on hand, providing for further refinements in the price support level for feed grains based on annual market conditions. If the supply of corn will exceed twenty-five percent of use, the Secretary may lower the effective loan level by ten percent; if the stocks-to-use ratio is below twenty-five percent but twelve and one-half percent or more, the loan rate may be adjusted downward by five percent; and if the stocks-to-use ratio is under twelve and one- half percent, the loan rate may not be adjusted further.

In addition, the Secretary, may further adjust the loan level for feed grains downward an additional five percent, without regard to the level of stocks on hand, if he determines that such a further

reduction is needed to keep U.S. feed grains competitively priced in the world market.

To ensure the judicious use of this authority, the legislation requires that if the Secretary determines to make such reductions in the loan level, then the Secretary must transmit to Congress notice of such action for review by the agriculture committees and must certify that the reductions are warranted based on market conditions. In addition, the legislation provides that if loan levels are reduced under these circumstances, the Secretary compensate, by making payments based on the average market price for the entire marketing year, feed grains producers for the reductions and such reductions are not factored into the setting of loan levels for subsequent crops.

This system of setting loan rates ensures that this essential price determining feature of the annual feed grains programs comports with overall objectives of the legislation in terms of keeping U.S. commodities competitively priced, based on market signals, and in ensuring adequate supplies of commodities available for domestic consumption.

According to Committee estimates based on projected market prices at the time of the development of the legislation, the effect of these changes is to increase projected loan levels as much as twenty-five percent over the life of the legislation from the levels at which they would be set if the formula of the 1985 Act were continued for another five years. While this change will ensure that loan rates are determined with greater consideration for market conditions and the financing needs of farmers, the changes made in the legislation will not interfere with the competitiveness of U.S. feed grains. According to Committee estimates, projected loan levels will be set at approximately seventy-five percent of market prices, estimated at the time of the development of the legislation, of the five crops covered by the legislation, sufficiently low so not to interfere with the orderly marketing of corn and other feed grains.

The stability of the production of feed grains is further enhanced under the Committee's legislation by changes made in the annual acreage limitation requirements. Under the feed grains program, farmers must idle a percentage of their acreage, as determined by the Act, and devote the acreage to conserving uses.

This feature of the program is designed to ensure that production and demand stay within reasonable balance. For example, in the 1988 marketing year, drought reduced production by over thirty percent and stocks came down from 4.2 billion bushels to 1.9 billion bushels. In the 1989 marketing year, production rebounded to 7.5 billion bushels, but ending stocks continued to decline to 1.48 billion bushels because of the increase in total disappearance.

In developing the legislation, just as the Committee revised the determination of annual loan levels to be more sensitive to market conditions, the Committee revised the calculation of annual acreage limitation factors. Under the legislation the amount of feed grains acreage participating producers must idle will be determined by the amount of corn projected to be on hand in the marketing year for that crop. If stocks are projected to exceed twenty-five percent of use, the Secretary would be required to establish a

limitation of not less than twelve and one-half percent nor more than twenty percent for each farm. For years when corn stocks are projected to be under twenty percent, the acreage limitation factor may not exceed twelve and one-half percent.

Farmers who traditionally harvest and market feed grains in a high moisture condition have had limited access to the CCC feed grains loan programs. Consequently, many such producers have had to change their normal farming operations, causing similarly disrupting effects on cattle feedlot operators, feed mill processors, and other end-users of high moisture corn and milo.

The Committee's legislation extends a program which the Secretary has had authority to implement under the 1985 Act to address this situation and ensure that producers of high moisture grain have maximum marketing flexibility for their crops. Under the provision which incorporates administrative guidelines used by USDA during the last several crop years, the Secretary will have authority to provide a recourse loan procedure to alleviate the disruption of normal marketing patterns which might otherwise occur in the plains and corn belt states where the production of high moisture grain is common.

With these changes in place for the next five years, the Committee is confident that American feed grains farmers will have a stable economic environment and that the feeding industry will be assured of a ready supply of corn and other feed grains. It will enable them to invest and operate with predictability in terms of annual government programs and will also ensure that the essential features of those programs remain sensitive to market conditions.

TITLE XI—GENERAL COMMODITY PROVISIONS

SUBTITLE A—MISCELLANEOUS COMMODITY PROVISIONS

Title XI contains several provisions which apply to or impact upon more than one specific commodity. Many provisions extend current law for the 1991 through 1995 crops years for those commodities.

Payment Limitations

In 1987, the Committee developed, and the Congress adopted as part of the Omnibus Budget Reconciliation Act of 1987, revisions, effective with the 1989 crops, to the provisions of the 1985 Food Security Act which enforce limitations on the amount of program benefits each participating person may receive under federal commodity programs. These revisions were the subject of extensive hearings by the Subcommittees of the Committee and were based upon evaluations by the Department of Agriculture and the General Accounting Office. In order to protect the integrity of the limitations, the Committee's legislation extends these reforms through the 1995 crop years.

Treatment of Multi-Year Farm Program Contract Payments

The Committee has become aware that in certain instances, the provisions of law which limit the amount of program benefits a person may receive may have unintended and unwarranted effects

such as potentially causing heirs to remove erodible land from long term conservation plans to avoid non-compliance with the payment limits. For example, the passing of an estate to an heir may unintentionally cause the heir to be in violation of the payment limits due to the amount of program benefits the underlying assets generates when combined with the earnings capacity of the heir's farming operation. The Committee's legislation contains a provision which permits, in cases of payments made under long term multiyear contract, such as contracts for the long term conservation reserve, earned by the land transferred to the heir that cause the heir to exceed the payment limit. Such payments may continue to be made at the rate made prior to the transfer of the land. The Committee believes that since the long-term contracts bring major public benefits for wildlife and the environment, it is appropriate that an inheritance not end this public benefit.

Hybrid Seed Corn Producers

The Committee's legislation includes a provision to clarify the application of the 1987 payment limitation reforms as they apply to farmers growing seed corn on contract. The action is included in the legislation to prevent the grower of the corn from being aggregated with the seed corn company for the purposes of the payment limitation rules. The Committee is taking this action to ensure that farmers in such circumstances continue to retain full eligibility for corn program and other program benefits and not held in violation of these rules simply because of their contractual arrangements.

Advance Deficiency and Diversion Payments

Under the 1985 Act, the Secretary has made advance deficiency payments available to producers at the time of enrollment in annual commodity programs. This provision has been an important feature in providing adequate financing for producers to seed crops and other production expenses. Under current law, producers of wheat and feed grains producers have been eligible to receive not less than forty percent nor more than fifty percent of the expected deficiency payment for the crop in advance. Cotton and rice producers have been eligible to receive not less than thirty percent nor more than fifty percent of the expected deficiency payment for the crop in advance. In view of the importance of these payments to farmers' financing needs and financing plans, the Committee's legislation extends the provision through the 1995 crops. In addition, the legislation extends provisions of current law which require producers to refund any excess payments made under this provision if market conditions warrant.

Commodity Credit Corporation Sales Price Restrictions, Producer Reserve Program for Wheat and Feed Grains, Certificates, Procedures for Disposition of Stocks

Through a combination of policies and programs, the CCC and the Secretary in certain instances controls the disposition of massive supplies of wheat and feed grains. At various times during the life of the 1985 Act, those supplies have amounted to as much as one year's usage of the commodity. The movement of such large supplies of grain held by the CCC or pledged to the CCC as collater-

al on price support loans into marketing channels have enormous implications for the market price.

The 1985 Act continued several authorities, continued and modified from previous legislation, to moderate those price fluctuations and other market disruptions, including restrictions on the resale of commodities owned by the CCC and the FOR. At the same time, the 1985 Act expanded upon the authority of the Secretary to make payments to producers in the form of negotiable certificates redeemable for commodities owned by the CCC. On the one hand, policy was acting to isolate grain stocks from the market at the same time other policies were implemented to facilitate the movement of grain into the market.

The Subcommittee on Wheat, Soybeans, and Feed Grains conducted extensive hearings on these issues prior to the development of these provisions of the Committee's legislation. Specific hearings focused on the use of generic commodity certificates by individual producers and marketers, and exchange procedures implemented by USDA to move large lots of grain out of CCC ownership into the market through commercial channels.

The Subcommittee determined that certificates used in moderation may be useful in moderating short-run fluctuations of grain markets. However, if solely relied upon to maintain supply in the market, certificates may actually increase market volatility.

The legislation included in this bill relaxes the resale levels for CCC owned commodities and the release levels of the FOR making them more sensitive to market prices. It is the Committee's intent to see that these new provisions lesses the need of issuing certificates to make grain available to the market and place such marketing decisions in several hands, not solely the hands of the Secretary.

This legislation directs the Secretary to implement and carry out a FOR program only when he estimates in any marketing year that the ratio of ending stocks to use for wheat will be more than forty percent or for corn will be more than twenty-five percent, as opposed to current law which requires the Secretary to encourage FOR participation when market prices for each eligible crop do not exceed 140% of the nonrecourse loan rate. The maximum amount of grain that can be stored in the FOR under this bill cannot at any time exceed 600 million bushels of feed grains and 300 million bushels of wheat, in order to prevent the accumulation of market depressing surpluses.

Shortening the duration of FOR contracts, as done in the legislation, will give additional incentives for farmers to take action to capture higher market prices. Also, to avoid forfeitures of grain, the Secretary is given authority in this legislation to waive principal and accrued interest if it is determined this will assist producers to market grain instead of forfeiting to the CCC. Also, whenever the Secretary determines that the market prices for each crop have reached 150% of the nonrecourse loan rate, he should encourage farmers to redeem their grain, by such measures as discontinuing storage payments.

When the FOR is in effect, the Secretary under this legislation may sell CCC-owned grain when market prices for each respective crop reach 110% of 150% of its nonrecourse loan rate. This provi-

sion will give farmers storing grain under the FOR or regular nine-month loan programs the opportunity to take advantage of higher prices before the CCC can dampen these prices by releasing its grain. However, when the FOR is not in effect, the CCC resale level is lowered to 150% of the nonrecourse loan rate so that CCC will not accumulate stocks.

Under this legislation, storage payments must be made by the Secretary on a quarterly basis and retroactively. Over the past five years, the Secretary paid farmers their storage payments one year in advance. However, the Committee decided that if a producer, under this legislation, has the freedom to redeem his crop whenever he chooses, the producer would have more of an incentive to do so if he did not have to pay back any or only a small portion of storage payments.

With regard to the certificate exchanges and auctions implemented by USDA, the Secretary shall, by rule, establish specific procedures for such dispositions of commodities. Also, the Secretary shall announce the Department's anticipated stock disposition actions before the marketing year for each commodity under an annual program under this act.

When USDA first began administering the catalogue exchanges and wheat auctions, many complaints were heard around the country that these events were not implemented consistently. Different rules applying to each certificate exchange event created confusion and made room for inequities.

Another provision included in the bill related to the orderly marketing of grain, requires the Secretary to announce the rationale for making payments to producers participating in annual programs in the form of commodity certificates. This will ensure that Congress and farmers are aware of the marketing plans established by the Secretary.

Primary owners of generic certificates have the option of redeeming them for grain, cashing them five months after the date of issuance, or selling them to subsequent buyers. Additionally, although their certificate values would be reduced, primary holders still have these options available to them even if their certificates have expired.

However, subsequent holders of certificates do not have the same advantages as primary holders even though subsequent holders may have paid a premium for purchasing those certificates. In this bill, subsequent holders who are currently unable to cash in their certificates before and after the expiration date, will be allowed to do so on a limited basis which will prevent abuse. This provision was adopted by the Committee for the purpose of not only giving fair treatment for subsequent holders, but also giving fair treatment to those persons who bought expired certificates unknowingly.

Last year, producers of corn and barley were required to repay portions of their advance deficiency payments. Since all or portions of their advance payments were paid in dollar denominated generic certificates, farmers wanted to repay the required amount in certificates, as well. USDA, however, prevented farmers from repaying these advances with certificates. Those farmers who could not cash in certificates, had to repay in cash. This was extremely difficult

for many producers because two consecutive droughts had strained their cash flows. This legislation corrects this inequity by allowing producers the option to repay in certificates if they were initially paid in certificates.

Also included in this bill is a provision that authorizes the Secretary to make payments to producers in the form of certificates, but before doing so, he shall give the producer the option of receiving these payments in cash or certificates.

Disaster Payments for 1991 Through 1995 Crops of Peanuts, Soybeans, Sugar Beets, and Sugarcane

The Committee's legislation continues authority for the Secretary to provide disaster payments to producers of peanuts, soybeans, sugar beets, and sugarcane for the 1991 through 1995 crop years.

Extension and Enhancement of Authority for Multiyear Set-Aside Contracts and Establishment of Cover Crop

As part of the Committee's initiatives to promote conservation and wildlife preservation, the legislation directs the Secretary to offer producers multi-year contracts who agree to devote at least fifty percent of the acreage required to be idled under annual commodity programs. This authority was contained in the 1985 Food Security Act but never exercised by the Secretary. Under such contracts, producers must devote such acreage to a perennial cover crop or to an annual crop each year that is capable of naturally improving water quality, improving habitat for wildlife, or making forage available for drought emergencies. In exercising this provision, the Committee intends that the Secretary encourage producers to provide perennial cover on the same acres each year which are devoted to acreage limitation in order to provide maximum benefit for wildlife protection purposes.

Supplemenal Set-Aside and Acreage Limitation Authority

The Committee has extended, in this legislation, a provision which gives the Secretary authority to adjust or impose a set-aside or acreage limitation program, notwithstanding other provisions of this legislation, in response to adverse effects experienced by producers due to any administrative action by the President or other employee of the executive branch of the federal government restricting the export of U.S. commodities.

Extension of the Food Security Wheat Reserve

The purpose of the food security wheat reserve is to provide Americans and foreign purchasers with an auxiliary supply of wheat in case of a disaster in this country or other countries.

The reserve is authorized to hold a maximum of 147 million bushels or 4 million metric tons of wheat, but since 1989, it has held practically no wheat. The Secretary of Agriculture withdrew reserves in 1988 and 1989 from the FSWR to meet obligations under the Food for Peace program and domestic food aid programs.

While these are the purposes for which the FSWR was created, the Committee is concerned that although the Secretary withdrew these stocks based on a determination of inadequate domestic sup-

plies of wheat to meet these needs, the Secretary continued to provide export subsidies in the form of wheat owned by the CCC during this same period. Moreover, the Secretary has not acted to replenish the FSWR to ensure adequate reserves for humanitarian needs in the future. The Committee is concerned that these actions, coupled with other policies in place during the same period, were undertaken to deplete CCC stocks, including the FSWR, notwithstanding the limitations on the usages of the FSWR.

The Committee's legislation includes provisions directing the Secretary to replenish the FSWR within certain time limits. The Food Security Wheat Reserve has served an important purpose in alleviating concerns over whether there is a sufficient supply of wheat for American and foreign consumers, especially during drought, but that purpose can be served only as long as the FSWR is used solely for humanitarian purposes, not simply as another outlet for CCC moving stocks onto the market for commercial purposes, and to the extent the FSWR remains filled so long as supply and demand conditions permit.

To ensure that the Food Security Wheat Reserve continues and is replenished, the Committee included in this bill a provision that directs the Secretary to replenish the reserve either by purchasing the stocks on the market using funds appropriated in advance for such purposes or by designating uncommitted CCC owned stocks of wheat to be placed in the reserve. The Secretary must replenish the reserve within eighteen months after the release of reserve stocks, unless he certifies, in writing, to Congress that there is an insufficient quantity of wheat available in the United States to do so.

Extension of Provisions Regarding the Advance Announcement of Programs

To ensure continuity for producers of the 1996 crops of wheat, feed grains upland cotton, and rice, the Committee's legislation provides that if legislation subsequent to this legislation is not enacted prior to that crop year, producers may elect to receive income support and price support payments based on the rates in effect for the 1995 crops.

National Agricultural Cost of Production Standards Review Board

The Committee's legislation extends the National Agricultural Cost of Production Standards Review Board until 1995 to ensure that Congress, producers, and other users of agricultural statistics have an independent entity to review the statistics reported by USDA.

Financial Impact Assessment

The Committee has directed the Secretary to conduct an annual assessment of the financial effects of support levels established under federal legislation to determine how farm financing institutions are affected by such decisions.

Survey of Program Participants

The Committee has directed the Secretary to conduct a survey of program participants to ascertain their preferences with regard to conservation programs and the distribution of crop acreage bases.

SUBTITLE B

There are several agricultural policy issues which cross both commodity and subcommittee lines. A number of those issues are addressed in this Title. In general, the purpose of this title is to prescribe a system for establishing farm and crop acreage bases and program yields for the commodity program crops so as to promote the efficient use of agricultural resources, and to do so in a manner which is equitable both across commodities and between producers and consumers.

A major policy issue addressed in this Title is flexibility, i.e., the extent to which individual producers can decide which and how much of each crop to plant. This issue lies at the heart of agricultural policy because the nature and extent to which a producer is able to choose his/her crop mixture defines the limits of that producers ability to respond to market signals. This ability, to change the mix of crops planted according to market signals, is one of the principle ingredient in the overall strategy of the 1990 Farm Bill which leans heavily on the improvement of U.S. agriculture competitiveness in the international market.

The driving concern underlying flexibility is the loss of U.S. share of the international trade in soybeans. This has occurred despite a steady growth in the international market. Because of the high value of soybean products, this loss has had a serious impact not only on farm income but also on the U.S. balance of trade.

Related issues include a definition of which and how much program acreage may by flexed, a listing of crops which may be planted on the flex acres, and the eligibility of the flex crops for deficiency payments.

This Title changes the manner in which cotton and rice producers establish a program crop base. Under the Food Security Act of 1985, the crop acreage base for both Upland cotton and rice equals the average of the acreage planted and considered planted on the farm to that crop in the preceding five crop years. For farms with years in which no upland cotton or rice was planted or considered planted during one or more of the preceding five years, the crop acreage base for that crop equals the average of those years in which that crop was planted, except that the crop acreage base cannot exceed the average of the acreage planted and considered planted during the two preceding years.

H.R. 3950 provides that for the 1991-1995 crops of upland cotton and rice, the crop acreage base for a farm will be the average of the acreage planted and considered planted during the preceding three years.

Under the Food Security Act of 1985, those farms with no crop acreage base could establish a base history in two years, while those farms with any planting history required five years to significantly change their crop acreage base. By establishing the crop acreage base for upland cotton and rice as the average of the acre-

age planted and considered planted in the preceding three years, the Committee has attempted to strike a compromise between the two provisions.

TITLE XII—TRADE

SUBTITLE A

Congress enacted the Agricultural Trade Development and Assistance Act of 1954 (P.L. 480) during a period of deteriorating export markets, sizeable stocks and depressed prices for U.S. agricultural commodities.

With a major emphasis on the disposal of surplus commodities, other goals of the original legislation were to expand international trade between the United States and friendly nations, to facilitate the convertability of currency, to promote the economic stability of U.S. agriculture, to encourage economic development in developing nations, and to promote the foreign policy of the United States.

Throughout its 35-year history, P.L. 480 has remained important to the U.S. agricultural community not only as an expression of humanitarian concern for problems of world hunger and food security and for market development purposes, but also as an important stimulus to economic development in recipient countries. Emphasis among goals has varied over time in response to changing agricultural, economic and foreign policy developments, but the goal of using food aid to expand agricultural export markets has been pursued either alone or in combination with other important policy goals.

Efforts to amend P.L. 480 in the late 1950's resulted in acknowledgments by the agencies administering the program, the Departments of Agriculture and State, that food assistance could no longer be viewed as a short-term program that would be phased out as surpluses disappeared.

In the early 1960's, P.L. 480 was a major vehicle for disposing of rising U.S. agricultural surpluses, accounting for about 25 percent of the value of U.S. agricultural exports. As the decade progressed, however, Congress became concerned with the food and population problems of the growing number of independent countries in Asia and Africa, and amendments to the Act in 1966 emphasized meeting the food needs of these developing countries. In light of declining U.S. surpluses, the Act included authorization to utilize commodities not in surplus and self-help measures to promote agricultural and rural development as a requirement for receiving concessional credits were added.

In the 1970's limits on the use of food aid for foreign policy were imposed by the stipulation that no more than 30 percent (later reduced to 25 percent) of concessional food aid could be allocated to countries other than those listed by the United Nations as "most seriously affected" by food shortages. A new Food for Development Program was established under which some or all of the debt incurred by countries receiving concessional food aid could be forgiven if the proceeds from the sale of food aid were used for development projects mutually agreed to by the U.S. and the recipient country.

Food is distributed through P.L. 480 under three programs. Under Title I, the U.S. government provides long-term, low- interest credit for the sale of U.S. agricultural commodities to designated countries. Local currencies generated by the sale of the commodities are used by the recipient government for self- help measures that have been jointly agreed upon with the U.S. These measures may include activities such as improving storage, transportation, and distribution of commodities in the recipient country. Under Title II, U.S. donated commodities are distributed through recipient countries, the World Food Program, or private voluntary organizations (PVO's), for the purposes of alleviating famine, providing disaster relief, combating malnutrition, and encouraging economic development. Under Title III, referred to as the Food For Development Program, long-term credit is extended under Title I, but the repayment obligation is satisfied if local currency generated from the commodity sales is used to finance specified development purposes.

Recent Amendments to P.L. 480

P.L. 480 was amended under the Food Security Act of 1985 in response to the world economic and agricultural situation at the time. Title I was amended to require a minimum level of cash sales of U.S. agricultural commodities for local currencies. These local currencies are to be loaned to private financial intermediaries, which then reloan the funds to private enterprises in the recipient countries. Some local currencies could be used for U.S. market development purposes. Private voluntary organizations (PVO's) and cooperatives were authorized to monetize, i.e., sell some portion of donated commodities in local markets, in order to pay the costs of development projects or food distribution activities.

The minimum tonnage levels of Title II were increased slightly to 1.9 million tons in fiscal 1987-90. A minimum of 1.425 million tons of the 1.9 million tons must be distributed by private voluntary organizations and the World Food Program, an increase of about 200,000 tons.

The Food Security Act of 1985 also authorized a new program, Food for Progress, to assist developing countries committed to market-oriented agricultural policy reform. Food for Progress was to distribute 75,000 tons per year under authority of section 416(b) of the Agricultural Act of 1949, as amended by the 1985 Act.

The Food Security Act of 1985 also amended the Merchant Marine Act, 1936, to increase from 50 percent to 75 percent the amount of commodities under P.L. 480 and section 416(b) programs, sold for foreign currencies or donated required to be shipped on U.S. flag vessels.

Since enactment of the 1985 Act, funding for the P.L. 480 program has remained relatively stable at approximately $1.5 billion annually in fiscal years 1987-90. P.L. 480 has accounted for 5 percent or less of than value of total U.S. agricultural exports since 1974. Due to increased commodity prices and budget constraints, volumes shipped have declined from about 8.5 million tons in fiscal 1985 to about 6 million tons in fiscal 1988. Over the past five years Title I/III concessional sales have accounted for about 60 percent of

total food aid shipments, with the remaining going out in Title II or section 416 commodity donations.

The distribution of U.S. food aid has shifted to reflect changing agricultural and economic situations in developing countries over the past few years. Food production per capita has generally worsened in Africa. African countries received almost 45 percent of all U.S. food aid in fiscal 1986-88, up from about 30 percent a decade earlier. The share of food aid received by Asian countries has dropped in the same period to 28 percent of the total, compared with more than 50 percent in the mid-1970's. Reflecting overriding U.S. foreign policy interests, the share of U.S. food aid shipped to Latin America grew from less than 10 percent to more than 25 percent in 1986-88, reflecting unsteady growth in per capita grain production and high debt burdens. Egypt accounted for more than 15 percent of the U.S. total in 1986-88.

U.S. agricultural exports have been shifting in the past two decades toward the marketplaces of developing countries. Two-fifths of all agricultural exports were shipped to developing markets in fiscal 1989, nine percent higher than the 31 percent share they held in 1970. Trade statistics show that this market expansion is due in part to improvement in the economies of the developing countries. As their economies develop, purchasing power increases in the country and dietary standards improve. This is evident in our export growth to Asian countries, which replaced Western Europe as the leading regional market for U.S. farm products in 1979.

Amendments to P.L. 480 in The Food and Agricultural Resources Act of 1990.

Because of the multiple objectives of P.L. 480, the Committee recognizes that several U.S. government agencies have a legitimate and positive counterbalancing role in the administration of the Food for Peace Program, and therefore, the authority for the program remains vested in the President, rather than with any one agency. An interagency food aid subcommittee of the Development Coordination Committee oversees all food aid operations. This subcommittee includes representatives from the Departments of Agriculture, State, Treasury, the Agency for International Development and the Office of Management and Budget.

While the Committee endorses review of food aid operations by representatives of the various agencies as an effective system of checks and balances, it is extremely concerned that in some cases the Food Aid Subcommittee decision making process has resulted in ineffective deliberations and delay. The Committee understands that due to complaints from the Congress and others the current Administration is taking action to remedy this situation. However, in an effort to ensure food aid issues are handled in a more expeditious manner, the Committee has provided more specificity in the law in handling P.L. 480 issues. The Committee has added a provision to require that all P.L. 480 country agreements be signed by November 30 of each year. This deadline is intended to spur early consideration and timely action on all country agreements. Further, the Committee intends for the department to adhere to the requirement for multi-year agreements and expects that this will

provide greater program stability and result in fewer administrative decisions required on an annual basis. While it may not be possible to comply with these directives in all cases, the Committee intends that these situations be the rare exception rather than the rule.

With regard to the other duties of the interagency committee, the Committee does not intend that all member agencies of the Food Aid Subcommittee debate all aspects of each country agreement. Consensus decisions by the Food Aid Subcommittee should be limited to broad food aid policy matters such as initial allocations, potential reserve distributions and general debt issues. During the year, on an as-needed-basis the group may meet to decide other policy issues such as revision of allocations or requests for reserve allocations. Day-to-day operating decisions should be made by the Department of Agriculture and the Agency for International Development, with advice provided by the Department of State, the Office of Management and Budget and Treasury, if necessary. This advisory information could be obtained through individual contact or during meetings of the full working group.

The Committee intends to observe very carefully the operations of the Food Aid Subcommittee following enactment of this bill.

Currently the Secretary of Agriculture makes annual determinations on the types and quantities of agricultural commodities that are to be available under the P.L. 480 program. These determinations are commonly referred to as the docket. The Committee affirms the importance of the docket provisions and the role of the Secretary in carrying out this mandate. Specifically the Secretary must take into account productive capacity, domestic requirements, farm and consumer price levels, commercial exports and adequate carryover stocks in determining the docket. The Secretary is also charged with the responsibility of making annual determinations regarding domestic commodity programs. This includes price and income support levels for farmers, domestic and export requirements, commodity stocks and prices and adequate reserves. Because of the close interaction of these domestic commodity and food aid programs, it is vital that the Secretary continue to make decisions of adequacy and availability of supplies in tandem. The Committee does not wish to weaken or remove the Secretary's role in this regard.

However, concerns have been expressed to the Committee from private voluntary organizations and cooperatives that the docket can result in delayed agreements and disrupted food aid. The Committee has addressed these concerns by requiring that the Secretary of Agriculture make the docket determination prior to the beginning of a new fiscal year. The Secretary has been provided authority to make modifications during the year if conditions permit additional types and amounts of commodities. The Committee recognizes that consistent commodity availability will provide for more stable and effective food aid programs. The Committee expects that the Secretary, to the extent practicable, maintain a stable level of the kind and type of commodities needed by recipient countries, particularly for those commodities used in the program that are small in proportion to overall trade levels or processed commodities used in feeding programs which generally do not

enter into commercial trade. The Committee also believes it is vital to consider the time of local harvest in the recipient countries when planning appropriate food aid agreements.

It has been drawn to the attention of the Committee that the USDA is strictly interpreting provisions restricting the use of P.L. 480 funds or counterpart funds for activities that promote the production of commodities in recipient countries that could potentially compete with U.S. exports. The Committee has modified language relating to this provision to provide the Department with greater flexibility by clarifying that the restrictions apply only to activities that cause substantial injury and not those that would be relatively inconsequential. In making a determination of substantial injury the Committee wants the Department to consider each case individually in conjunction with the overall goals of the program. Specifically, the Committee intends that USDA restrict programs only when it is clear that such activities will facilitate direct and substantial injury to U.S. exporters of similar commodities. The USDA is to consider and facilitate the multiple objectives of the program, particularly the benefits of overall economic development to the long term growth of all U.S. exports. Upon making determinations of substantial injury to U.S. exports, where there is dissenting opinion among the agencies, the Committee expects that the decision will be documented and that the information and studies that went into making the determination will be made available to Congress.

The Committee is concerned over the increasing debt burden facing the poorer developing countries and has included new authorities in Title I to provide grants in lieu of concessional sales to those countries with growing debt. Eligible countries must meet the poverty criteria established by the International Bank for Reconstruction and Development or must be a food deficit country characterized by high levels of malnutrition among its population. Further, authority for debt forgiveness, on a case-by-case basis, is provided to those countries unable to repay past obligations if such countries are undertaking structural adjustment or undertaking national economic policy reforms promoting a democratic, market oriented economy and long-term economic development. The Committee believes that it is important that this authority not rigidly link past P.L. 480 debt forgiveness to the structural adjustment programs of the World Bank and International Monetary Fund. The Committee understands that economic reforms are necessary in the developing countries. However, in practice, structural adjustment programs can worsen poverty and hunger among the most vulnerable segments of the developing countries' populations. Since a major purpose of U.S. food aid is to help the developing countries achieve food security, the Committee sought a mechanism whereby developing countries which are making bona fide efforts to achieve democratic, market-oriented, and long-term development could benefit from relief of past P.L. 480 debts even if they are not undergoing a World Bank or International Monetary Fund structural adjustment program.

The Committee firmly believes that economic development and policy reform are preconditions to growth in the agricultural sector. To reflect this the self-help measures and other references

to how the local currency generated from the commodity sales should be used continue to apply to all agreements under the program. However, in negotiating and monitoring self-help measures the focus should shift from the micromanagement of foreign government local currency budgetary practices to the fundamental objectives or the desired result of the assistance. Acceptable activities include development projects as specified in section 109, or when economic growth is best supported through major policy reform, acceptable uses include programming local currency in support of such reforms. Under the current program the U.S. can negotiate ownership of local currency repayments in Title I sales agreements for specific U.S. agency projects. However, developmental projects undertaken by the recipient government with counterpart funds should be monitored without actual U.S. control of the local currency or requirements that the U.S. program the specific currency required to accomplish this objective.

The Committee is concerned over reports that U.S. food aid has undermined domestic agricultural production in some recipient countries. For example, in El Salvador, shipments of non-fat dried milk exceeded the amount of domestic consumption causing domestic milk prices to decline and domestic production to plummet. An AID study in 1988 also found that the volume of U.S. food aid to Egypt had become a direct disincentive to Egyptian farmers. Current law requires that a determination be made to assure that food aid does not create disincentives to agricultural production in the recipient country. The Committee feels that the Administration needs to update and formalize this process. Specifically, the so-called "Bellmon" determination should include measurement of the impact of P.L. 480 commodities on same and cross commodity production and evaluate the impact on producer prices and income. The Committee intends that the methodology used to make these determinations be continually updated and that periodic validations be conducted after the food aid has been received in the country to evaluate the conclusions of the Bellmon determination. The Committee affirms the vital importance of these studies in the P.L. 480 decision making process and expects that the Food Aid Subcommittee will give serious consideration to previous and on-going determinations before entering into new P.L. 480 agreements.

Current U.S. Department of Agriculture regulations prohibit an agent representing a country participating in the P.L. 480 program from representing both the importer and a supplier of commodities or ocean transportation in the same Title I transaction.

To bring more integrity into the program and to address possible conflicts of interest whenever an agent acts in more than one capacity, the Committee on Agriculture approved an amendment which prohibits, during the course of the fiscal year, an agent who acts as a broker, consultant or other representative of the U.S. Government, an importer or an importing country from also representing suppliers of ocean transportation. In order to avoid any loopholes, the Committee amendment also covers transportation related services of lightening, stevedoring, bagging or inland transportation to the destination point. This amendment pertains to food aid authorized under the Agricultural Trade Development and

Assistance Act of 1954, section 416(b) of the Agricultural Act of 1949 and the Food for Progress Act of 1985.

On May 25, 1989, the U.S. Department of Agriculture implemented a Title I open bidding process relative to negotiations for shipping rates. Bids are now opened and read in public and the lowest bidder who meets the terms of a tender is selected. Ocean transportation for Title II commodities, however, is procured by the Agency for International Development through a combination of competitive bidding and selective negotiations.

The Committee feels that openness and transparency should be applicable in negotiations for all food aid commodities and for the ocean transportation of such commodities and adopted an amendment that would require full and open competition in connection with all food aid shipments.

Under current law, commissions on American flagships are allowed for Title I shipments at a rate of 2½ percent of freight costs. There are no restrictions for shipments on foreign flag vessels. The U.S. Department of Agriculture's Office of Inspector General has raised serious questions about the possibility of excessive commissions being paid to ocean transportation agents and the possibility these commissions have sometimes been used for kickbacks particularly with regard to bagging and discharging of commodities in foreign ports.

The Committee feels that the foreign flag portion of the program should be regulated even when no Commodity Credit Corporation funds are involved in the transportation costs. Further, the Committee wishes to give the Inspector General's office full leeway in investigating abuses of illegal payments and in providing the Foreign Agricultural Service full authority to provide proper oversight on this aspect of the food aid program.

In this regard, the Committee provided in statute clear authority to the President to limit commissions for foreign flag transportation. It is the Committee's intent that the Department of Agriculture issue regulations as soon as possible after enactment of this legislation to implement these provisions.

The Committee encourages the continued use of local currency to expand local credit for private sector development, as authorized under section 108 of P.L. 480. To expand the use and improve the benefits of this program the Committee broadens the authority to enter into sales agreements with private entities, and eases the financial conversion requirements.

Because the costs to private voluntary organizations and cooperatives participating in Title II agreements have grown in recent years, the Committee supports the use of program funds to finance the program management, administration, transportation, and distribution costs incurred in carrying out food aid programs in the poorest recipient countries. Meeting the regulatory requirements of the food aid program, financing in-country transportation and providing effective on-site management is exceeding the level of financial support the PVO's and cooperatives can raise privately or from other government sources. To receive these funds the PVO or cooperative must identify in the program proposal the human and financial resources they will provide, the level of financial assistance they have been able to obtain from foreign governments and other

private sources, justify the need for additional funds and identify the activities in which the funds provided by the U.S. would be expended. The Committee also wishes to facilitate communication between the agencies and the participants carrying out Title II programs. Title II includes new authority to establish a private voluntary organization consultative group for this purpose.

Currently, the President is required to make annual reports to Congress on P.L. 480 activities and progress each country is making in carrying out the activities agreed to by the recipient country and the United States. The latest report received by the Committee concerned program operations in 1987. Such untimely submittals make these reports meaningless.

Thus, the Committee has deleted the requirement of an annual report and instead required the Secretary to provide information to the Congress by June 1 of each fiscal year on all current year food aid activities. This information will provide the Committee with clear concise data on the total amount of U.S. food aid provided to each recipient country. The Committee expects to be apprised of any additional allocations of food aid to any country in the event such allocations are made following the June 1 report.

The Committee has received little information on the use of the monetization authority provided in the Food Security Act of 1985 and has required that the President report by the end of each fiscal year on monetization requests submitted and approved and a summary of the uses of such proceeds.

The Committee amended the Farmer-to-Farmer program so that it can be utilized in the emerging democracies of Eastern Europe. Last year, in the Support for Eastern European Democracy Act of 1989, this program was suggested as the type to be used for immediate response to technical assistance needs. Because of concerns that the resources of the program would be shifted from other developing countries, the Farmer-to-Farmer program in Poland and Hungary was to be funded from AID monies, not P.L. 480. This section retains the .1 percent set aside for developing countries. It also increases the total available under P.L. 480 to .2 percent to fund new opportunities.

Other changes are included to expand those eligible to participate in Farmer-to-Farmer to reflect grass root skills that can be transferred on a person-to-person basis within the program. These changes allow the Farmer-to-Farmer program to complement activities funded under the Middle Income Country Fellowship program.

SUBTITLE B

U.S. agricultural exports create more than half a million off-farm jobs through associated services in financing, storage, packaging, processing, merchandising, and transportation. Another half million jobs are created on the farm in the production of agricultural products for overseas markets. Agricultural exports enlarge the total market demand for U.S. agricultural commodities, increasing farmers' cash receipts and enhancing our general economic performance.

Recent trade statistics show that the United States exports approximately 30 percent of its total harvested acreage. The export share for major crops in the 1990 marketing year is forecast at 64 percent for wheat, 30 percent for feed grains, 53 percent for rice, 41 percent for soybeans, 64 percent for cotton, and 41 percent for tobacco. Exports are also growing for horticultural products, particularly fresh and processed fruits and vegetables, tree nuts, wines, and malted beverages.

Agricultural trade policy in the Food Security Act of 1985 was geared toward recapturing world market share that the U.S. lost during the early 1980's. In 1986, agricultural exports dipped to a low of 26.3 billion dollars from a high of 43.7 billion in 1981, which accounted for nearly 20 percent of all U.S. exports for that year. However, market oriented agricultural programs and lower loan rates included in the 1985 farm bill, coupled with a lower valued dollar, had positive effects on agricultural trade beginning in 1986.

The 1988 drought reduced U.S. stocks and increased prices worldwide, resulting in strong agricultural export performance in 1988/89 of $39.7 billion. Estimates of U.S. agricultural trade for fiscal year 1989/90 place exports three percent below 1989 levels due to forecasts of higher production worldwide, resulting in lower prices for U.S. bulk and intermediate products.

Agricultural exports play a major role in reducing the national trade deficit. In 1988 and 1989, agriculture contributed $18 and $17 billion respectively in net export dollars toward a reduction in the overall trade deficit. Since U.S. farmers in one year can produce more than what the country can consume during the same period, exporting the residual supplies is critical in keeping agriculture a healthy industry.

U.S. citizens can attribute this rise in agricultural trade to the market oriented trade programs enacted by the Food Security Act of 1985. Considering that the food and agriculture sector is the largest in the country and exporting U.S. goods has become essential in continuing American prosperity overall, the Committee believes that it is necessary to reauthorize these trade programs in the Food and Agricultural Resources Act of 1990.

The major agricultural export programs responsible for the success of the American food and agriculture sector are: the export credit guarantee programs designated as GSM-102 and GSM-103, the Export Enhancement Program (EEP), and the Targeted Export Assistance Program (TEA). Together, these programs constitute a significant improvement in efforts to expand agricultural exports.

Export Credit Guarantee Programs

The short-term export credit guarantee program, GSM-102, formally began on June 5, 1980, and the intermediate-term program, GSM-103, was mandated in the Food Security Act of 1985 (P.L. 99-198). The clear and direct purpose of both of these export credit guarantee programs was to promote export sales of U.S. agricultural commodities by providing for financing on extended credit terms to make U.S. agricultural exports competitive. GSM-102 allows for guarantees of export credit for up to a three year period, whereas GSM-103 allows for guarantees of export credit for a term between 3 and 10 years.

Export Enhancement Program

Many who are currently interested in the Export Enhancement Program (EEP) believe that it is the first and only time the United States Government ever became involved in subsidizing overseas sales of agricultural products. In fact, the U.S. Government has been involved in promoting agricultural exports since the 1930's. Broad-based legislative authority provided back in the 1930's allowed the Administration to create the Export Enhancement Program in May of 1985. Congress provided a specific mandate for the program in the Food Security Act of 1985, which the President signed in December of 1985.

The EEP's primary purpose is to counter unfair trade practices of countries whose agricultural products compete with those of the U.S. on the world market. Five years ago, the Committee foresaw the opportunity to use the EEP as a mechanism to place economic and trade pressure on these countries to encourage worldwide agricultural reform.

Since its inception, the Administration has vigorously used the EEP as a mechanism to persuade countries to reconsider their farm and export policies and to make agriculture a major component of the Uruguay Round of Multilateral Trade Negotiations under the General Agreement on Tariffs and Trade. To assist in achieving this goal, the Administration carried out Congress' intent by targeting the EEP to traditional markets which had been overtaken by the European Community's (EC) subsidized commodities.

As a result of the EC's heavy subsidization of its agricultural sector, the United States, before the Export Enhancement Program, lost substantial world market share in many cash grain commodities, especially wheat. For instance, according to USDA in 1981, the U.S. held nearly 50 percent of world wheat trade and the EC held only 20 percent. However, in 1985, as a result of the EC's policy of massive subsidization, U.S. market share of the world wheat market fell to 30 percent while the EC's grew to nearly 35 percent. With the help of the EEP and other factors such as lower commodity price support rates, and a depreciated dollar, the U.S. successfully recaptured some of its export market share in 1987 to the 41 percent level, while the EC's decreased to about 27 percent.

The EEP has been used not only to enhance sales of wheat and wheat flour, but also barley, malting barley, dairy cattle, table eggs, frozen poultry, mixed poultry feed, rice, semolina, sorghum, and vegetable oils. Overall, the EEP has provided bonuses in the form of commodities worth more than $3 billion to assist in exporting over $8 billion worth of U.S. agricultural products.

The program operates though a competitive bidding process. Initially, the U.S. Department of Agriculture (USDA) targets a country for a specific quantity of a commodity. Next, U.S. exporters compete with each other to get a portion of the business in the targeted country. After competing U.S. exporters conclude a commercial sales contract with the targeted country, contingent upon receiving a bonus, the exporters then bid against each other for the bonus. USDA awards the bonus to the exporter(s) whose sales price and bonus bid fall within acceptable ranges. The successful exporter(s) receive the bonus in the form of dollar-valued generic

certificates which are redeemable for commodities owned by the Commodity Credit Corporation.

Because the 1988 and 1989 droughts substantially reduced the production of wheat and other crops, the Administration has slowed the EEP's activity. However, with USDA predicting an improved wheat harvest, the EEP is expected to operate at a higher level over the next year.

Targeted Export Assistance Program

The Targeted Export Assistance Program (TEA) was mandated in the Food Security Act of 1985 to offset the adverse effects on U.S. exports of unfair trade practices of foreign competitors. The program is implemented as an export promotion program using CCC generic commodity certificates to reimburse commodity and regional organizations for eligible expenses incurred to promote U.S. agricultural products in specific foreign markets. Eligible activities funded under TEA include technical assistance, trade servicing, and consumer promotion. TEA has been predominantly utilized in the top growth markets for the U.S. for these products, including Japan, Canada, and Western Europe. In accordance with the provisions of the 1985 Act, priority is given first to U.S. agricultural products that have received a favorable decision under section 301 of the Trade Act of 1974 or that have suffered retaliatory action as a result of a favorable section 301 decision. The original legislation called for a funding level of $325 million each year through 1990. However, subsequent amendments decreased program levels to $110 million for fiscal years 1986 through 1988, but maintained the higher annual level of $325 million for fiscal 1989 and 1990. The TEA level was set at a maximum of $200 million for the last 2 years of the program.

The TEA program represents the first substantial U.S. investment in high-value product promotion. Over eighty percent of TEA projects are aimed at the promotion of higher value products, including peaches, potatoes, walnuts, raisins, wine, citrus, dried beans, apples, poultry, eggs, and wood products. The Foreign Agricultural Service (FAS) reports that the TEA program is one of the most effective tools for expanding markets for U.S. high-value products, along with the EEP and credit guarantee programs which are also utilized when appropriate. World trade in high-value products is the fastest growing component of agricultural trade, and high-value export growth is expected to continue. While high-value trade accounted for 66 percent of world agricultural trade value in 1987, U.S. high- value exports accounted for about 48 percent of U.S. agricultural exports.

The U.S. General Accounting Office (GAO) has studied the activities of U.S. competitors in the high-value market, and found that, in general, they play a larger role both in management and funding market development organizations. The GAO also found that foreign governments spend their funds in a highly targeted manner, using an integrated marketing approach and facilitating close cooperation between the public and private sectors in the management and funding of marketing organizations. Trade show participation and retail and consumer promotion are integral in U.S. competitors' export marketing strategy.

It is the Committee's intent in reauthorizing these U.S. agricultural export programs in the Food and Agricultural Resources Act of 1990 to build upon their initial objective of improving U.S. competitiveness in the world market. One area the Committee felt a need to build upon, after numerous oversight hearings and investigations, was in program administration. In the Food Security Act of 1985, Congress included little administrative guidance to the USDA on how it preferred the trade programs to be administered.

The Committee included language in this bill that provides clearer guidance and monitoring requirements in order to improve program administration and stem any further or potential abuse in the operation of these programs.

Definitions

The Committee has reached the conclusion, after hearings and investigations by several Subcommittees, that a definition of what constitutes a U.S. agricultural commodity is warranted in order to give the U.S. Department of Agriculture all of the guidance it needs to responsibly administer export promotion programs. Audits by the U.S. Department of Agriculture's Office of Inspector General (OIG), as well as reviews by the U.S. General Accounting Office, have pointed out administrative weaknesses in export promotion programs, specifically the GSM-102 and GSM-103 export credit guarantee programs, which apparently stem from the lack of a clear understanding as to what Congress intended in terms of commodity eligibility.

The Foreign Agricultural Service establishes eligibility requirements for commodities, countries, and exporters. The FAS, until September 21, 1988, claimed publicly that only U.S. grown agricultural commodities were eligible under the GSM-102 and GSM-103 programs. However, an audit by the USDA's Inspector General clearly established that there were commodities or products of those commodities which were shipped out under GSM-102 and GSM-103 which were not sourced wholly in the United States. The audit disclosed that the major reason non-U.S. commodities and their products were shipped under these programs was because exporters were falsely certifying, or certain exporters claimed that they were unaware of the content of the items shipped under the export credit guarantee programs. The audit pointed out that necessary compliance checks, which should have been performed by the FAS, were sorely lacking, and internal documentation obtained from FAS, discussed at different Subcommittee hearings, disclosed that USDA was aware of the fact that the rules were not strictly followed. In addition, it was also established on the hearing record that USDA was contemplating allowing exporters to exempt non-U.S. portions of the shipments from credit coverage.

The Commodity Credit Corporation (CCC) issued a notice to exporters dated September 21, 1988, in which CCC proposed to broaden eligibility to include shipments of agricultural commodities, containing non-U.S. sourced portions, under the GSM-102 and GSM-103 programs. The Committee believes that this action was clearly contrary to expressed Congressional intent and that such actions whether for experimental or other purposes should not be undertaken by the USDA without prior Congressional consent.

In order to avoid any future confusion with regard to commodity eligibility under the export promotion programs USDA administers, either through FAS or authorities granted in the Commodity Credit Corporation Charter Act, the Committee is providing USDA with a clear definition of what constitutes a U.S. agricultural commodity. The Committee also includes a clear definition as to what constitutes the product of a U.S. agricultural commodity. With these definitions, there should be very little question as to what standards apply with respect to commodity eligibility, for either the exporters or the administering agency.

Since the purpose of all export promotion programs is to encourage the export of U.S. agricultural commodities, it stands to reason that scarce government resources should be used in a manner that only encourage exports of U.S. agricultural commodities.

Certification as to Compliance with Program Objectives

The Committee believes that all commodities shipped under any Commodity Credit Corporation financed or guaranteed sale should reach their intended destinations. However, it has come to the attention of this Committee that this is not always the case. Further, the Committee believes that all U.S. exports of agricultural products that receive credit guarantees or other USDA marketing assistance represent taxpayer dollars, and those participating in federal agricultural programs are subject to measures taken to assure program accountability.

The USDA Office of Inspector General audit of the GSM–102 and GSM–103 programs concluded that items other than the commodity purchased were being shipped to at least one foreign country. Shipment of items other than agricultural commodities demonstrates the need for a certification that only the purchased agricultural commodities were shipped.

Departmental Administrative System

The GAO testified in hearings in 1989 and 1990 that the FAS needed to improve internal control systems and documentation of decisions related to the export programs they operate. A lack of coordination and accessibility of information on program history is exacerbated by high management turnover. Institutional memory is weakened, which does not foster strong program administration, as new managers continually rotate between posts in Washington and abroad. GAO reported that FAS did not centrally track proposals to monitor their progress from initial receipt through final acceptance. The Committee has required that the USDA establish and implement a system to improve continuity and accountability in the administration of all agricultural export programs. Specifically, the Committee intends that a centralized tracking system be established and should incorporate documentation of key decisions related to the progress of program proposals. The Committee believes that USDA will continue to be vulnerable to allegations of impropriety and favoritism until information pertaining to the status of all program proposals is more closely monitored and centrally retrievable. To achieve this objective the Committee agreed to a provision that would require the Secretary to consult with experts in management information systems to implement a coordi-

nated central monitoring system. The Committee believes that investment in such a coordinated tracking system will have long term benefits through more efficient utilization of human resources and improved accountability through modern utilization of automated managerial systems. Further, the system will facilitate regular program audits to ensure that participants meet program objectives and comply with program regulations.

USDA is encouraged to utilize suspension and debarment for noncomplying parties so that the FAS will have an additional compliance tool.

Agricultural Export Policy

The Committee finds that the agricultural export policy of the U.S. should provide for increased emphasis on processed, value-added agricultural products. Compared to an equivalent volume of bulk exports, the export of value-added agricultural products is associated with higher levels of economic activity with the attendant benefits of increased levels of employment, income, and tax revenues. The U.S. remains a leading producer of bulk commodities, but in the late 1970's and 1980's when the market for processed agricultural goods expanded rapidly, the U.S. failed to compete intensively with the EC and other developed nations. As a consequence, the value of agricultural exports of the EC in 1987 averaged $637.30 per ton compared to an average of $232.30 per ton for U.S. exports.

The GAO reported in 1989 the USDA lacked a coordinated, multi-agency strategy to assist agribusiness to be more market-oriented. To facilitate the competitiveness of U.S. producers in a more open world market which may emerge from the GATT negotiations, the Department will need to exercise leadership in developing a clear strategy for assisting the food and agriculture sector in becoming more market-oriented.

Export Enhancement Program

USDA's Office of Inspector General and the U.S. General Accounting Office released reports on their respective, independent investigations of the EEP and both agencies reached the same conclusions on the faulty management system established for the program.

Many of the criticisms from both reports faulted the USDA's Foreign Agricultural Service for failing to develop and utilize written guidelines for targeting the destination countries under the EEP, guidelines for bonus and world market price calculations, and for failing to monitor the compliance of participating exporters. As a result, the OIG report concluded that because of this mismanagement within the Department and insufficient oversight of exporters' activities, the EEP may have cost taxpayers over $200 million more than it should have and may have allowed some program participants to garner windfall profits.

In response to these criticisms, USDA issued new regulations for the EEP (published in the April 25, 1990 Federal Register). However, the Committee believes that it is still necessary to mandate certain important administrative guidelines to ensure a well run EEP over the long term. Accordingly, the Committee included in the

Food and Agricultural Resources Act of 1990 a number of recommendations for increased documentation and oversight on all EEP activities.

While the Secretary has not used the EEP in assisting the sale of live dairy cattle or livestock since 1988, the Committee is still requiring the Secretary to develop a methodology to determine the world prices and gather and analyze appropriate prices and costs of production information in foreign countries for the purpose of price discovery and to aid sales in foreign markets, and publish such information periodically. This assistance will be helpful to the dairy and livestock interests in this country that look to export more products overseas.

Because OIG's investigation of the EEP concluded that participating exporters were not always maintaining easily auditable documents of their EEP activities and transactions, it was difficult for OIG auditors to determine if (1) exporters were complying with program rules; and (2) exporters were making undue profits while participating in the program. Accordingly, the bill directs the Secretary to maintain consistent and effective controls and procedures for auditing and reviewing payment of bonuses and for securing refunds from participating exporters where appropriate. Another provision, which is designed to assist in assuring compliance and adequate record keeping of participating exporters, directs the Secretary to require exporters, users, or processors who receive bonuses under the program to maintain all records concerning a program transaction for a period of five years from the completion of the program transaction for purposes of program oversight activities.

Market Promotion Program

The Committee recognizes that the current TEA program has been successful in helping U.S. farmers compete more effectively in the international marketplace. The program is particularly suited to strengthening existing marketing efforts of U.S. producer cooperatives, thereby encouraging foreign consumption of U.S. products, and ensuring that the benefits of increased demand accrue to U.S. farmers. U.S. farmers have made a substantial investment in marketing their products through increased international private marketing activities and through their participation in marketing cooperatives.

In this legislation, the TEA program is broadened and renamed the Marketing Promotion Program (MPP). The overall objective of the MPP program is to expand foreign markets for U.S. agricultural products through facilitating, coordinating, and supporting export promotion activities. Like the current program, funds are allocated on a priority basis to combat unfair trade practices.

The MPP would continue to provide for cost-share assistance to promote U.S. farm products abroad, including but not limited to branded promotion of such products. In overseas markets, branded advertising is virtually the only vehicle that distinguishes for the overseas consumer U.S. commodities from the same commodity from a foreign source. Generic advertising can be effective in selling to processors in a foreign country, but these processors can then repackage and sell U.S. products which have been blended with commodities from other sources. The Committee recognizes

the importance of branded advertising in directly targeting the foreign consumer, thereby ensuring that consumers recognize U.S. products and that U.S. commodities are packed and processed in the U.S.

As in the other export promotion programs, the Committee has attempted to insure program accountability. To be eligible for the program a participant must submit full marketing promotion plans of their proposed activities. Required evaluations of the program will be improved, both of the marketing plan at the time of application and after the plan's activities have been carried out to determine their effectiveness. To deflect potential program abuse, participants must give the CCC full access to the program records.

Export Reporting Requirement

Current information on the level of U.S. agricultural exports fails to accurately convey the amount of U.S. grown agricultural products that are exported in bulk, semi-processed, or value added form.

Export statistics maintained by the U.S. Department of Agriculture, as collected by the U.S. Customs Service and maintained by the Census Bureau, fail to distinguish in the category of general exports between those agricultural commodities that are U.S. grown, those merely re-exports of imports, or those that have passed through a foreign trade zone and are foreign agricultural items that have been handled in the United States. Moreover, Census definitions provide that any value-added export product, whether or not a major portion of it is actually grown or produced by American farmers, counts as part of the overall U.S. agricultural export total. USDA's Economic Research Service also does not report the overall level of raw or processed U.S. agricultural exports that are not of U.S. origin. Thus, basic information regarding U.S. agricultural exports is sorely needed, both in the bulk category and in the semi-processed and value-added category.

Since the Department of Agriculture does not routinely have access to the records of a particular company regarding a particular product which may have been exported, there is no means by which USDA may verify the forecasted amount. Further, since USDA does not track imports in the United States, USDA may be providing forecasts for the agricultural community which are inaccurate. The Agriculture Committee must have accurate information if it is going to anticipate trends and responsibly oversee farm programs and U.S. export markets.

The Committee believes that Congress does not have adequate information by which to evaluate how certain agricultural policies will impact U.S. agricultural trade, nor the impact on the U.S. producer if Congress is unable to ascertain with certainty what U.S. grown agricultural trade actually amounts to in any particular year. Therefore, the Committee approved a provision to require the Secretary of Agriculture to establish a reporting requirement regarding the amount of foreign ingredients in all U.S. agricultural exports.

Domestic versus Foreign Content Reporting Requirements

The bulk of the trade reporting requirement is current law, and thus, has been implemented for some period of time. The new provision required in the trade reporting section deals with the issue of origin of commodities and requires any individual making a commercial export of any agricultural commodity or product thereof, at a level which the Secretary of Agriculture has determined is of commercial significance, to provide information relative to the foreign and domestic content of the particular export.

Nongovernmental Subsidies

The Department of Agriculture, through the Foreign Agricultural Service, has spent a considerable amount of time exploring and updating the depth of governmental subsidies which exist in numerous foreign countries. However, this Committee requests that USDA expand its survey of foreign agricultural subsidies to include those subsidies that are not directly tied to foreign governments, for example, those subsidies that are provided by the private sector operating in certain foreign countries. This Committee believes that such subsidies place foreign producers at an unfair advantage relative to U.S. producers and also account for a depressant effect in terms of world market prices. In addition, since world market prices are often used as an incentive to lower U.S. agricultural prices, it is clearly important that any subsidy in foreign agricultural prices, whether private or government, be fully explored and openly discussed.

Export Credit Programs

In continuing to mandate the export credit guarantee programs, this Committee is also imposing a number of new restrictions designed to enhance the program operation and accountability. First, where an exporter has engaged in behavior clearly designed to circumvent the intent of the export credit guarantee program, through fraud, or using any scheme, trick, or device, the export credit guarantee is no longer valid. Further, individuals who engage in schemes or devices to circumvent the intent of this Act's provisions may lose the ability to participate in export credit programs for a period of up to 5 years. Any country which engages in activities designed to defeat the purpose of this Act would also be ineligible for a period of up to one year.

Second, the Secretary is required to verify that commodities arrive at their intended destinations. Since export credit guarantees are announced for exports to particular countries, and criteria used in making the export credit guarantee available relate to the credit worthiness of the particular destination country, it is not appropriate to have the commodities shipped to any other country than the intended destination country. The Secretary will be required to enforce this provision, except in instances where force majeure, such as an intervening act of God, makes such arrival impossible.

Third, in keeping with recommendations made by the USDA's Office of Inspector General, this Committee adopts the view that participants in export credit programs must retain all records re-

lating to the particular transaction in question for a period of up to 5 years following the transaction. Commercial records which would demonstrate the price of the same commodity sold during the time in which a particular export credit guarantee sale was made, would, for example, be considered relevant records which should be maintained. In the USDA Office of Inspector General Audit on the GSM-102 and GSM-103 programs, the OIG clearly showed that in order to determine whether excessive pricing occurred under government guaranteed sales, it was necessary to look at private transactions which took place at a similar period of time. The Committee agrees wholeheartedly that export credit guarantee sales should not be viewed as a "cash cow" by exporters and utilized for the purpose of shipping less agricultural commodities at a greater price. U.S. government credit guarantees should only cover commodities which are offered at competitive prices to similar private transactions.

This Committee has also made the same requirements outlined above applicable to GSM-103, intermediate term credit guarantees.

Finally, the Committee has observed that some of the decisions related to the agricultural export programs are made for reasons of foreign policy. The Committee intends that decisions regarding the credit guarantee programs and the Export Enhancement Program should not be determined by foreign policy considerations.

Market Development Task Force

The U.S. leads the world in exports of unprocessed or bulk agricultural commodities. These bulk commodities, however, make up only about 20 percent (by value) of world trade in agriculture. Enhanced, or intermediate stage commodities, like soybean oil, make up another 20 percent. High-value commodities like eggs, meat, fresh fruits, and processed foods constitute 60 percent of world agricultural trade, and the volume has been growing steadily. Unfortunately for America's farmers and food processing industries, the U.S. has only seven percent of that market. In order to increase the U.S. share of the world market in high-value products, the Committee believes facilitating interagency coordination through a new market development task force is needed.

In addition to private market research, a great deal of information about high-value agricultural products is collected by the U.S. government which could aid export-minded processors. The FAS, the U.S. Trade Representative, and the Commerce Department all have information which could be useful to U.S. businesses. A coordinated effort is needed to compile and disseminate this information to people who need it and can use it.

Efforts currently undertaken by the FAS, the U.S. Trade Representative, and the Commerce Department toward expanding agricultural trade, especially in value-added products, would be coordinated by the Administrator of FAS through the Market Development Task Force. The Task Force will develop a strategy for marketing processed products using market and government incentives. In addition, this body will be charged with collecting and disseminating available information on market opportunities, trade barriers, and marketing distribution systems.

SUBTITLE C: PROMOTION OF AGRICULTURAL EXPORTS TO EMERGING DEMOCRACIES

Over the past year, a number of countries in the world, particularly in Eastern Europe, have taken concrete steps towards political democracy and economic pluralism. It is the view of the Committee on Agriculture that the United States should assist these countries in their move towards a more market-oriented private entrepreneurial agricultural system and in doing so should address opportunities for investment and trade with the United States. In this regard, it is important that development of rural nonagricultural enterprises supportive of the agricultural sector not be overlooked.

A number of the emerging democracies, particularly those in Eastern Europe, have adequate food supplies, but lack the necessary technology and facilities for getting the food from the farm to the tables of consumers, particularly in urban areas. Storage and transportation are especially acute problems in many countries.

Developed countries are responding to the needs of these emerging democracies by providing assistance for structural adjustment, private sector enterprise, scientific exchange, and various other forms of economic development. Food aid is also being provided. While such programs are necessary, the Committee on Agriculture believes that the U.S. should begin evaluating the specific agricultural and rural needs of these countries and respond with American expertise and technology to optimize opportunities to interface with the American agribusiness and rural enterprise sectors.

Accordingly, the Committee directs the Secretary of Agriculture to conduct an assessment of the agricultural food systems needs of the emerging democracies, including rural needs supportive of agriculture, and to determine market development potential for the United States in fulfilling those needs. This assessment should cover all aspects of the food system including, but not limited to, agricultural production, research, processing, and marketing.

It is important to the Committee that the Secretary provide a mechanism for attracting the participation of potential U. S. investors needed to develop the food systems and rural nonfood areas assessed. Accordingly, the Committee directed that the assessment team report to the Secretary of Agriculture who is then directed to report to Congress and to the public on the team's assessments and recommendations. The Committee believes the ultimate success of this program will depend on U.S. investors' knowledge of business opportunities identified in these countries, and the Committee urges the Secretary to use every means available to reach as many investors as possible.

So that persons from the emerging democracies can become familiar with U.S. technology and agribusiness and rural enterprise operations, the Committee provides authority for such representatives to see firsthand U.S. agricultural and rural business operations. Priority for such visits should be accorded those interested in project investments identified by the assessment team and those who are potential joint venture investors. Those representing U.S. private businesses who consult with representatives of these countries are encouraged to share in the expenses of their visits.

The Committee included this provision to give these struggling democracies the opportunity to invest in their agricultural infrastructure for the improvement of food processing, marketing, handling, storage and distribution of domestically produced or imported agricultural commodities. The improvement of facilities may lead to (1) the improvement of these countries' overall diets; (2) an increase in demand for U.S. agricultural commodities; and (3) decreased pressure on the democratic government which heretofore could not provide enough food to its citizens.

The requirement for $225 million in GSM–102 credit guarantees to emerging democracies is designed to allow them to purchase U.S. agricultural commodities. Credits to these countries may assist in conserving their hard currency supplies so that they may pursue other development or improvement projects while maintaining their ability to import food. During various visits by Members on the Agriculture Committee to emerging democratic countries, the officials cited the basic need for credit in order to help ease the strain that is placed on their hard currency supplies and to import more food at one time.

Middle Income Fellowship Program

The Committee also agreed to expand the Middle Income Fellowship program. For the past seven years the program has provided training opportunities for agriculturalists from countries which do not receive assistance through the U.S. Agency for International Development. The program, which has been administered by USDA's Office of International Cooperation and Development (OICD), provides training opportunities and study tours in the United States for senior and mid-level specialists and administrators concerned with agricultural trade, management, and marketing from both the public and private sectors. The program provides high quality training opportunities aimed at increasing trade and market development between U.S. agriculture and the middle-income countries as well as assisting in the economic development of the countries themselves.

This program is quite active in Eastern Europe and popular with USDA representatives in-country. It is expected to be an initial element in programs being recommended for funding under the SEED Act in Poland. This Committee believes that the program should be more flexible in responding to the opportunities and challenges presented in emerging democracies around the world. It is a cost-effective and timely vehicle for fostering ties between our marketing system and those beginning to emerge.

SUBTITLE D: STUDIES AND REPORTS

Study of North American Free Trade Area

The United States and Canada entered into a free trade agreement in 1988. During the past months there have been reports that the United States and Mexico are investigating the possibility of entering into a similar free trade agreement in the future.

If United States and Mexico do enter into a free trade agreement, this in essence would create a de facto North American Free

Trade Area, since there would be free trade access among the United States and its neighbors to the North and South.

Therefore, the Secretary is required to study and report to the House Committee on Agriculture on the potential effects that both a United States-Mexico Free Trade Agreement and a North American Free Trade Area between the United States, Canada and Mexico would have on the United States agricultural sector.

Red Tart Cherry Study

The U.S. cherry industry is currently struggling with low prices, surplus production, and declining exports. It has been drawn to the attention of the Committee that the European Community has imposed restictions on imported red tart cherry products which may have curtailed potential U.S. exports to these markets. The Committee is also concerned that the EC may be exporting cherry concentrate to the world market at prices below their domestic market prices. This study is intended to study the international red tart cherry market to determine if the U.S. red tart cherry industry is facing unfair trade practices by foreign competitors.

Study on Wood Promotion

The Committee is concerned that the Department has given insufficient attention to the promotion of wood and processed wood products exports despite recent clarifications of the eligibility of these items for the export promotion programs. It is the purpose of the wood export provisions of this title to prompt the Department to increase its utilization of these programs for the export of wood and processed wood products, and the Committee intends to closely monitor these activities in the future.

Report on Section 22 Suspension or Termination

In the unlikely event that the President of the United States decides to suspend or terminate section 22 import measures, the general provisions for safeguarding federal price support and stabilization programs, this provision would very simply require the Secretary of Agriculture to report to the House and Senate Agriculture Committees on the full impact of lifting quantitative restrictions or fees which were imposed under section 22 authorities. It is vitally important to the operation of numerous farm programs, as well as the full exercise of this Committee's oversight responsibilities, that this Committee be presented with all available evidence concerning the impact of a suspension or termination of section 22 relief. It is anticipated that there will be some impact in the area of agricultural credit programs, particularly the Farmers Home Administration, some degree of impact on the prices farmers receive for the commodity which has been under restrictions, and that there may be some impact on the ability of this Nation to retain adequate food supply levels.

The Secretary of Agriculture can provide this Committee, as well as the Senate Committee, with a full and complete analysis, which this provision contemplates. Without such study, it is likely that the only information this Committee would receive might be in the form of various policy statements which do not amount to the substantive study required in this report. Upon receipt of this report,

the respective Committees would be in a position to engage in an open discussion and debate with the particular Administration which decides to suspend or terminate section 22 provisions.

Title XIII—National Agricultural Research, Extension, and Teaching Policy Act Amendments of 1990

The agricultural research, extension, and teaching system is facing a difficult period. With real funding levels having been stagnant for most of the last twenty years, simply continuing the past success of American agriculture has become difficult. Meanwhile, our global competitors have begun to reap the benefits of many research breakthroughs, requiring an increased effort by the system in the United States in order for our producers to maintain their competitiveness.

At the same time new scientific opportunities are now available in the biological sciences and in the field of information and communications systems. Biotechnology is expected to revolutionize agricultural science in the coming decades, and is predicted to be the basis of the next set of major advances in food and agriculture production. Yet much of the early work in this field has occurred outside of the traditional agricultural research system and bringing this technology to bear on the problems of agriculture will require refocusing our research, extension, and teaching work.

The same is true of the information and communications sciences. Developed outside of the traditional agricultural research system, these technologies can have a great impact on farming but they need to be adapted to the needs of the agriculture industry. Moving agriculture research into this promising area of science will require additional resources.

Another emerging area of opportunity is the diversification of agriculture production and marketing through the development of new crops and new products from existing agricultural commodities. With a wider array of production options, agricultural producers can better respond to market conditions and make optimum use of land and water resources. But this diversification will require a new focus within the system, which has concentrated on existing major crop and livestock production and marketing options.

Added to these ongoing needs and new opportunities, agriculture is facing a new set of challenges from emerging environmental and health concerns. Water quality and the potential for contamination from agricultural chemical use has become a major issue in recent years. In this case, past scientific assumptions about the fate and transport of pesticides, fertilizers, animal wastes, and other sources of contamination from farm operations have been called into question. This requires both new research efforts to understand the fate of these chemicals in the environment and education efforts to weave these environmental concerns into farm and ranch operations. Other environmental concerns need to be addressed, such as wildlife and endangered species protection, implications of global climate research on agriculture, and a number of challenges which have only recently begun to affect agriculture.

Food safety concerns have also recently become a factor in agricultural production. Recent events have focused the general pub-

lic's attention on the quality and safety of our food supply. Pesticide residues, microbial contamination of meat and poultry products, the use of antibiotics in animals, and numerous other food concerns have been the subject of controversy, demanding a better understanding of the actual risk posed by these potential contaminants and ways to reduce any risk which might be posed. Newer and safer methods of pest and disease detection and control must be developed. The food and agriculture sector faces the continuing disruption which these issues present and therefore the research and extension system must respond to these concerns.

If American agriculture is to continue to prosper and if the agricultural research, extension, and teaching system is to meet the demands of the next decade, a better focused program with adequate resources will be needed. In addition, any expanded effort will require attracting new technically trained people into the system, an especially difficult task in the face of declining enrollment in the food and agricultural sciences.

Over the last three years, hearings have been held on a number of these issues to explore the challenges and opportunities facing American agriculture. Also during this period reports were issued by a number of organizations, such as the National Academy of Sciences' (NAS) reports on "Agricultural Biotechnology"in 1987 and "Investing in Research" in 1989, both of which pointed out the critical needs in agricultural research. What has emerged from these efforts is a picture of a system which is suffering from a lack of funding and human resources at a time when an increased effort is needed. The expansion of these resources and the delineation of specific authorities in new areas of need constitute the major thrust of title XIII of the Food and Agricultural Resources Act of 1990.

National Initiative for the Agricultural Sciences

The 1989 NAS report, "Investing in Research," proposed a new $500 million program of competitive grants in the food and agricultural sciences. This initiative has gained support within the research community, the agricultural production community, and the administration. A modest start on the initiative was proposed in the Fiscal Year 1991 budget by the administration.

The Committee believes that if we are to meet the research challenges facing agriculture, a major new effort is needed. In endorsing the initiative, the Committee does not intend to eliminate ongoing research programs, especially formula funds under the Hatch Act. These programs represent the research base upon which any new initiative must rest if it is to have any chance of success. The Committee also believes strongly that a program of the potential magnitude as authorized here must call upon the widest representation of scientific disciplines to provide advice and coordination in the advisory committee proposed, especially given the potential agricultural applications of scientific discoveries being made outside of traditional agriculture disciplines. However, the research funded by this initiative must be carefully integrated with the existing research, extension, and teaching system.

In authorizing this initiative, the Committee has taken steps to insure that its operations are properly focused and accountable.

The Committee has required that the initiative be headed by an appointed director and that an advisory board, similar in structure to those used at the National Institutes of Health, be used to provide sound scientific advice to the initiative to properly focus and prioritize its activities.

Research, Extension, and Teaching Policy and Priorities

With the farm bill in 1977, the Congress created two advisory bodies to assist the Department of Agriculture (USDA) to carry out agricultural research, extension, and teaching programs. The Joint Council on Food and Agricultural Sciences and the National Agricultural Research and Extension Users Advisory Board have developed over the years to be useful forums for the discussion of agriculture's needs and research and extension priorities.

The membership of each body has been changed to reflect the need to obtain a broader range of advice on the conduct of our research, extension, and teaching programs. The Joint Council membership is broadened to include new membership from the general university research community, other federal agencies funding agriculture related research, and a representative from the National Academy of Sciences. Existing representation from the private sector is expanded while a smaller number of representatives from the land-grant community, including a representative from the 1890 institutions, the USDA and the American Association of State Colleges of Agriculture and Renewable Resources is retained. The broadened membership better represents all of the research participants in the food and agriculture sector. These changes reflect the Committee's intent to improve the Joint Council process to provide more precise and useful information to the Department of Agriculture and to the Congress on our agriculture research, extension, and teaching programs. The Committee intends that any members in addition to those specifically authorized in the legislation will reflect the balance and ratio of representation sought in the legislation.

The Users Advisory Board's membership is changed slightly to more specifically reflect the intent of Congress in the original authorization. In addition, some of the reporting requirements of the Board are clarified.

Sustainable Agriculture Research and Extension

There has been increasing public and producer interest in developing farming systems which better integrate the traditional production demands of agriculture with emerging environmental and social concerns. The 1985 Farm Bill authorized the Agriculture Productivity Act which began to examine some of these alternative farming systems. In the interim, there has been much debate about these alternative systems, their relationship to traditional farming practices, their broad applicability, their contribution to environmental protection needs, and a host of other issues.

The Committee, after protracted consideration, sought to develop a hierarchical research and extension program within an umbrella of sustainable agriculture which includes work to continue the efforts of the Agriculture Productivity Act, which was included in the Food Security Act of 1985, as well as work on integrated crop

management, the latter of which seeks to integrate existing systems of integrated pest management, best management practices for nutrient management, and work directed at water quality into whole-farm management systems. The Committee sees all of this research as closely related.

Under this common framework, the research results obtained through these programs would be transferred to producers through a common extension program which includes training of field personnel in the practices which have been proven to work, continuing the systems concept embodied in the structure of the subtitle. Appropriate guides, handbooks, and educational materials would also be developed. The end goal of this work is to provide for the agricultural producer a range of production systems, which have been proven effective, from which the individual farm can develop a management scheme suited to the individual operation.

Water Quality Research and Extension

The House Agriculture Committee has devoted extensive attention to the issue of agriculture's role in water quality over the last three years. An extensive set of hearings in Washington and in the field have provided background for evaluating the research and extension needs on this topic.

The primary need revealed in the hearings is that of adequate coordination of the efforts of federal and state agencies which are active on water quality issues. There were also a set of needs in the area of adequately assessing the role of agricultural chemicals and operations to ground and surface water quality issue and in researching new farming technologies and systems to help agricultural producers deal with federal and state water quality regulatory decisions.

The Committee sought to deal with the program coordination issues by establishing a coordinating framework for water quality programs within the Department of Agriculture. This coordination effort would reach to the state activities of the Department as well through state water quality programs.

There are also research programs on agriculture and water quality and on farm nutrient management, as well as a large-scale water quality demonstration program designed to test water quality protection methods and systems and to begin to assimilate a national data base on agricultural operations and water quality. The research programs would be closely coordinated with the extension efforts in the sustainable agriculture program and with the conservation programs authorized in title XII of this bill. Again, the extension and technology transfer portion of this program is to be conducted as part of the combined efforts under the sustainable agriculture extension work.

Development of New Uses for Agricultural Commodities and Continuation of Ethanol Research

In the last Congress, the Committee devoted a great deal of attention to the exciting prospect of developing new uses for agricultural commodities. This work resulted in legislation which passed both the House and the Senate, but which was not finally enacted by the end of the 100th Congress.

The legislation sought to broaden marketing options for farmers and create job opportunities in rural areas through the commercialization of new products from agricultural commodities. During examination of this issue, it was apparent that there was a great deal of opportunity in non-food products, such as corn-based deicers, corn-based plastic products which degraded in the environment, soybean-based ink, newsprint from kenaf, and a host of other examples.

The Committee has adopted a version of that earlier legislation which would establish a commercialization research program as well as a financing institution to provide funding for commercialization efforts.

In response to an increased public concern about the quality of air and to increase markets for farmers, the Committee has reauthorized section 1419 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977, which authorizes a research program on the production of alcohol. Current alcohol production per bushel of grain is below the level researchers estimate is possible. Further research on conversion of the cellulose and hemicellulose fraction of grain could result in higher alcohol production, making alcohol fuels more profitable while reducing the tax exemptions and credits currently afforded to alcohol fuel production. This is the type of seminal research the committee believes can result from this ethanol program.

Plant and Animal Pest and Disease Control

Recent public controversy about pesticide residues on food has disrupted agricultural marketing, especially in the fruit and vegetable sectors. Broader environmental concerns including water quality are also putting pressure on the research and extension system to develop new pest and disease control methods. In addition, there has been a need to target pest and disease research and extension work to the areas of greatest need, toward those pests and diseases which have the fewest control methods currently available. Contributing to the lack of effective pest control is the development of resistance to pesticides by various pests, an issue which was the subject of a study mandated by the 1985 Farm Bill.

A major program in IPM research and extension is authorized, with a strong emphasis on transferring existing IPM information to producers through the cooperative extension system. In addition, a data base is established to track the availability of pest control methods in order to prioritize the research work being conducted under this program. In addition, a resistance monitoring system is established, implementing the recommendations of the 1985 study. Finally, a research program is authorized on exotic pests, such as the Mediterranean Fruit Fly, which pose a major threat to American agriculture.

National Agricultural Library

The National Agricultural Library (NAL) is a national information resource for agriculture. It functions as the repository for literature and information critical to the agriculture sector. It is increasingly the national data base and clearinghouse for food and agriculture information, moving toward modern, on-line informa-

tion systems. And its importance will increase as agriculture continues to move toward knowledge-based production systems.

As important as the NAL is, it has not been authorized in statute, existing instead on the general authority of the Organic Act which authorized the Department of Agriculture. To impart the proper stature and to insure proper accountability to the NAL, the committee has included specific authority for the NAL in this bill. The language is similar to the authorization which passed the House in the 100th Congress and which has been proposed by the Department of Agriculture.

National Genetics Resources Program

Another vital national resource is the National Plant Germplasm System (NPGS) which is a cooperative federal-state partnership dedicated to the collection, research, preservation, and dissemination of plant genetic resources. The NPGS is located within the Agricultural Research Service (ARS) at the Department of Agriculture and is extremely important to American agriculture. Given that nearly all of our commercially important food crops have their origins overseas, a domestic genetic resources program is essential to the continued success of our agriculture sector. With the advent of genetic engineering and the improvements which that will bring to plant breeding, the importance of this institution will grow.

Yet the NPGS does not have specific authorization and, like the NAL, exists as part of the Organic Act. The NPGS is also focused solely on crop genetic resources and does not deal with other important areas of need, such as animal, aquacultural, silvicultural, insect, and other genetic resources of importance to the agriculture sector.

The Committee has authorized the NPGS as the National Genetic Resources Program, broadening its authority, when funds become available, beyond plants. The authorization also includes an advisory committee to help advise the Program which is patterned after the advisory committees used at the National Institutes of Health. The authorization also designates a Program Director who is expected to be appointed from among career scientists involved with the activities of the Program and who will function with full-time program responsibilities. It is expected that the Program will retain the federal-state partnership of the existing NPGS and its central operation within ARS.

National Agricultural Weather Information System

The Committee has been interested for the last few years in improving the quality of weather information available to agricultural producers and the agriculture sector generally. There is a great potential for improving production efficiency, reducing adverse environmental effects, and increasing profitability in farming with better and more timely weather information. Legislation to accomplish this improvement was passed in the 100th Congress.

The language contained in this bill is identical to the past legislation and authorizes a research program to better match weather information to agronomic practices. It also authorizes a pilot program to help states develop improved agricultural weather efforts.

There is a clear benefit for the private sector weather information providers in this proposal.

Programs for 1890 Land-Grant Institutions

It has been recognized in past Farm Bills that the 1890 institutions can play an increasingly important role in American agriculture if resources are available to correct past funding problems at those institutions. In the past, the Committee has authorized programs to assist these institutions in improving their research and extension facilities. The next major need is resident instruction support, in order to increase the availability of qualified minority scientists who represent an area of expanded participation in a time of declining enrollment in the food and agricultural sciences.

The Committee has authorized a major program of graduate and undergraduate student support, as well as making changes to the existing higher education programs at the Department of Agriculture. In addition, in recognition of the 100th Anniversary of the passage of the Second Morrill Act, the Committee has authorized the establishment of Centennial Centers for research on important topics at the 1890's institutions.

Food Safety Research

Food safety is a growing public concern and is increasingly affecting the marketing of agricultural commodities. Research and extension work on pest control authorized in this bill, as described above, will help deal with these public concerns. But there are other concerns which affect microbial contamination of food which must be dealt with as well. The Committee attempted to authorize a research program in this area in the 100th Congress, but the measure contained in HR 5056 died at the end of that Congress.

The Committee seeks to authorize a similar program of food safety research on microbial and chemical contamination of food products. There is also a research program authorized to determine the presence of aflatoxin in the food and feed chains.

Nutrition Education

The Committee recognizes and applauds the successes of the Expanded Food and Nutrition Education Program (EFNEP) in helping low-income families make the best use of their scarce income and food stamps while assuring a healthy diet. The Committee also understands that appropriations for this nutrition education program have remained flat at about $60 million for the past eight years, restricting EFNEP's ability to reach more low-income families.

The Committee believes that increased funding of $5 million over each of the next five years, or a total of $25 million will allow EFNEP to extend into rural communities and to serve pregnant teens and low-income families with infants who are not currently reached by EFNEP. The Committee also believes that improved diets and referrals of pregnant women to prenatal health care will have great savings in public health care costs. Low-income people are disproportionately affected by cancer and heart disease and they have the highest rate of low birth weights and infant mortali-

ty. Nutrition education can enable people to make wise food choices, promote health, and save health care dollars.

Animal Lean Content Research

The Committee recognizes the importance of the development of technologies which can accurately measure the lean content of meats during the processing of animal carcasses. The purpose of this research authorized on this topic shall be to enhance the information to and the accountability of, the producing sector of the livestock industry by providing accurate and objective analysis of the lean content of meat products. This technology will contribute valuable information for livestock price discovery and reporting. The technology should meet the following criteria: 1) provide an objective analysis, 2) be a quantifiable, uniform system, 3) be at least 80 percent accurate in its analysis, and 4) be a non-invasive measure.

Plant Genome Mapping Program

The Department of Agriculture has proposed a plant genome mapping program to be funded at $18.7 million in fiscal year 1991, with an expansion of funding proposed in subsequent years. While the Committee supports this effort, a program of this magnitude should be authorized and given a statutory basis and direction, be fully coordinated with parallel activities elsewhere in the Federal government, and be properly planned in advance of grants being issued. The program should also deal with the difficult issues of proprietary control of research results and should be conducted in an open and competitive manner. The Committee has taken all of these needs into account in its authorization of the plant genome mapping program.

Biotechnology Risk Assessment Research

There has been considerable public concern over the environmental release of the products of bioengineering. This concern has resulted in case-by-case regulatory review of applications for environmental release causing expense and delay in moving biotechnology products to their eventual commercialization. This situation could be improved with the development of a base of knowledge available to regulators for use in reviewing environmental release applications.

Accordingly, the Committee has required the establishment of a biotechnology risk assessment research program at the Department of Agriculture. In order to assure adequate funding for this work, the Committee has required that at least one percent of the total funding by the Department for biotechnology research, as defined and determined by the Secretary, shall be used to fund the biotechnology risk assessment program.

TO CONDUCT A STUDY OF ANIMAL DAMAGE TO THE AQUACULTURE INDUSTRY

The dramatic increase in fish farming in the U.S. and the accompanying increase in water acreage on American fish farms has caused during the past years a population explosion and concentra-

tion of fish-eating birds on or near fish farms. This situation has lead to devastating losses of farm-raised fish such as trout, cat fish and bait fish to bird depredation. The economic assessment by the Joint Aquaculture Committee of such losses will provide indications as to the species of predators, and the extent of losses throughout the industry.

TO COMPLILE A LISTING OF STATUTES AND REGULATIONS THAT AFFECT THE AQUACULTURE INDUSTRY

The Lacey Act, as amended, regulates the interstate commerce of aquatic species, including fish and shellfish legitimately raised through fish farming. Although originally envisioned as a vehicle to control and prohibit commerce in exotic or prohibited species, the Lacey Act places severe constraints on legitimately produced farm-raised species. It is difficult for fish farmers to understand the complexities of the natural resources laws of all States and Territories. The listing of statutes and regulations envisioned under this amendment would make available to fish farmers a State-by-State listing of lawful and unlawful interstate shipments.

INTERNATIONAL TRADE DEVELOPMENT CENTERS

International trade development centers for agriculture were originally authorized in Section 1458A of the National Agricultural Research, Extension, and Teaching Policy Act of 1977, Public Law 95-113, as amended (7 U.S.C. 3291). Under this authority, grants may be awarded to states for the establishment and operation of such centers.

The purpose of these centers is to enhance the exportation of agricultural and related products. There are currently nine centers operating in the U.S.

This amendment would require that the location of any newly-funded centers be based upon a national plan. Such a plan would be developed at the discretion of the Secretary of Agriculture with collaborating university, USDA, and private sector representatives.

INTERNATIONAL AGRICULTURAL RESEARCH, EXTENSION AND EDUCATION

In recent years, agriculture has taken on new importance worldwide as the means to revitalize and "expand" the economies of many countries. Research and education in the agricultural sciences have had a high priority in these countries. As a result, there is now an increasingly sophisticated global network of agricultural scientists who are developing new technologies to meet production demands under a wide variety of conditions.

The prosperity of the United States agriculture and its ability to compete in world markets depends upon how well we participate in this expanding global network which now dwarfs U.S. agricultural research and educational systems. Indeed, data show that the United States, once the unquestionable leader in agricultural technology development, is now a net importer of agricultural technology.

Further, the major export competitors of the United States are better linked to the global agricultural scientific network than the

United States agricultural science community. Japan, for example, has specialized agencies that gather information on a broad range of productivity-enhancing developments in other countries and disseminate the information domestically.

A key purpose of this legislation is to strengthen the leadership role of the USDA in international agricultural science and education and to strengthen the partnership between USDA and the Land Grant Schools and State Universities. This partnership has served U.S. agriculture well for over a century. It successes must now built upon and the partnership's work extended more aggressively into international research, technical cooperation, and education.

TITLE XIV—FRUITS, VEGETABLES, AND MARKETING

SUBTITLE A—FRUITS AND VEGETABLES

Over the years the agriculture community and the scientific community have learned how indispensable fruits and vegetables are to a healthy diet. The Surgeon General's 1989 REPORT ON NUTRITION AND HEALTH emphasizes the importance of consuming more fruits and vegetables. Production methods have changed so that a much greater population is now provided with a year-round supply of fresh fruits and vegetables. In addition, there is a very large export market. This achievement is dependent on rapid refrigerated transport and concentrated production in environmentally suited locales. That, in turn, is heavily dependent on selected varieties, effective insect and disease control, large labor input, and controlled input of fertilizers and water.

The Committee has heard from individual fruit and vegetable producers and groups representing such producers who are genuinely concerned as to the industry's ability to continue to produce these crops in the quality and quantity wanted, especially at a price the public is able to pay. Concern with threats to the environment and with food safety have led to a body of regulations that may threaten the ability of fruit and vegetable farmers to produce food essential to the health of consumers. Administrative mechanisms to adapt regulations to changing conditions are cumbersome, or even nonexistent for fruits and vegetables. Research, production, handling, and marketing techniques, to find effective methods to improve this vital industry are underfunded.

Foreign producers stand ready to supply consumers in the United States with supplies of fresh fruits and vegetables. Indeed, there is already a record of steadily increasing imports into the United States market of orange juice, tomatoes, pineapples, grapes, peppers and many fruits and vegetables. American producers believe this increased import activity is partly a consequence of the reduced competitiveness brought about by the difficulties introduced by the U.S. policies mentioned above. This development seems undesirable for reasons of security of food safety, domestic economy and the trade balance. By their very nature, the commodities involved are very high value ones.

During two subcommittee hearings, one in June 1989 on the nutritional value of fruits and vegetables, and the other in March 1990 on the marketing mechanisms of the fruit and vegetable in-

dustry, testimony was heard expressing the concerns and frustrations of the fresh produce community as it attempts to address these challenges.

Therefore, the Committee includes in the 1990 Food and Agricultural Resources Act, an amendment that recognizes the importance of the domestic fruit and vegetable industry in United States farm policy, and the importance of fruits and vegetables to the diets of the American people by requiring the Secretary of Agriculture to conduct a study of the domestic fruit and vegetable industry.

Generally, this study will assess the health of the various segments of the fruit and vegetable industry in 1990, identify the problems and issues they face, including those imposed by the Federal government, recommend solutions to these problems, and identify those actions that can be taken by Federal agencies to encourage increased production of domestic fruits and vegetables.

In addition, the Secretary is required to address the issue of maintaining the availability of safe and effective chemicals to be used on fruits and vegetables, with special emphasis on the value of national uniformity to both consumers and producers. More specifically, such a study should address the problems associated with growing fruits and vegetables and environmental concerns. For example, the Secretary should determine what research needs to be conducted to assure that safe and effective chemicals are available to be used on fruits and vegetables. Additionally, the study will include review research on genetics, biotechnologies, integrated pest management, post harvest research, and other technologies that will encourage production and reduce damage to fruit and vegetable production.

A review of the requirements and costs of the labeling of fruits and vegetables, and the benefit of labeling these products is to be included as well as a review of federal educational programs that teach the importance of fruits and vegetables to a proper diet will be included.

SUBTITLE B—MARKETING

The Committee also adopted two Administration proposals regarding marketing orders and the administration of the Perishable Agricultural Commodities Act (PACA).

The first amendment involves the administration of the PACA, which is a completely self-supporting program that promotes fair trading in the fruit and vegetable industry. The program is financed by license fees paid by the buyers and sellers of fruits and vegetables. The program currently generates $5.5 million a year that is maintained in a trust account. This amendment would give the Department of Agriculture the authority to invest operating balances, which can amount to as much as $1,375,000, in interest bearing accounts. The Department calculates the most that these accounts could earn in interest in any one year is approximately $110,000. Any interest earned would be returned to the program for future use.

The second amendment will give federal courts the authority to assess civil fines and penalties against handlers of fruits and vegetables who fail to pay their portion of assessments under the appli-

cable federal marketing order. According to the Department, 50% of the marketing order violations involve failure to pay assessments. Effective compliance with assessment provisions is integral to the continued success of these programs.

The Committee recognizes the importance of viniculture (winegrape cultivation) and winemaking to the U.S. agricultural economy. According to the Department of Agriculture, grapes crushed for wine accounted for nearly 50 percent of the 6 million tons of grapes grown in the United States in 1988. Industry sources indicate that retail sales of wine totaled $12 billion in 1987. The Committee also notes that there has been substantial growth in the number of vineyards and wineries, with winegrape production and wineries now located in more than 40 States.

A number of agriculture-related challenges face the U.S. winegrape/wine industry in the 1990's, such as development of hardier plant varieties, alternatives for controlling pests and diseases, export development, crop insurance availability, and other issues. To assist the industry in meeting these challenges, the Committee adopted an amendment requiring designed to determine how current agricultural programs are utilized by the United States wine and winegrape industry, and what changes could be made in agricultural policy to improve winegrape production, processing, and marketing.

The Committee also adopted a sense of the Congress resolution recognizing the need for boards or councils that participate in the administration of Federal promotion and research programs to take care to faithfully and diligently perform the functions assigned to them and otherwise meet program responsibilities. The importance of such good management is evidenced by the inclusion of five newly authorized commodity promotion and research programs in this legislation.

SUBTITLE C—COMMODITY PROMOTION

Subtitle C of title XIV will authorize the creation of commodity promotion and research programs for pecans, mushrooms, and limes, and amend the existing programs for potatoes, cotton, and honey.

These programs are designed to allow farmers to fund and operate market and product development efforts for specific commodities. Since the first such program was developed in 1935 for Florida citrus, some 312 promotion programs covering 80 farm commodities have been established by the Federal and state governments. Presently, 90% of all U.S. producers contribute a total of more than $530 million a year to such programs to promote their products both in the United States and abroad.

Commodities covered by national promotion programs which are overseen by the Department of Agriculture include beef, cotton, dairy, eggs, honey, pork, potatoes, watermelons, wool, and mohair. These programs, similar to the programs established in subtitle C, have raised the following amounts in the past year: the cotton program collected $39.5 million, the dairy program raised $77.2 million, and the beef, pork, honey, and potato programs collected $41.7, $26.3, $2.5 and $5.9 million, respectively.

While many of the existing research and promotion programs have been established for major commodities such as beef, pork, and dairy, the new programs established by subtitle C provide for the producers of specialty commodities such as pecans, mushrooms, and limes to pool their resources and have a positive impact on the markets for these commodities. The programs authorized in subtitle C will help producers to educate consumers of fruits, vegetables, nuts and other commodities about the uses, nutritional benefits, and safety of these commodities and the products derived from them. The research and promotion programs established in or amended by subtitle C can be effective tools in this educational process.

Part 1—Pecans

Part 1 will enable domestic growers, handlers, shellers, and importers of pecans to develop, finance, and carry out a nationally coordinated pecan research and promotion program to be administered by a 15-member Pecan Marketing Board.

After 2 years, the Board is expected to generate up to $6 million per year based on a maximum assessment rate of 2 cents per pound of inshell pecans, or the equivalent for shelled pecans.

Pecans are a native American tree that have been in commercial production since the early 1900's. From that time until the present the marketplace has been able to economically absorb the annual production of pecans, and the pecan industry has been profitable.

New plantings coming into production throughout the United States, and imports from Mexico, threaten to upset the current balance between supply and demand for pecans and to reduce pecan prices. Pecan growers and shellers are attempting to assimilate this new production into the market as rapidly as possible.

The pecan industry is one that has made great strides the last 10 or 15 years in its horticultural and production practices, but has lagged in market research and development. By comparison, 57 percent of the U.S. almond crop and 30 percent of the walnut crop is exported, while only 2 percent of the U.S. pecan crop is exported.

Taste preference tests have shown that consumers choose pecans as their favorite or second favorite nut 90 percent of the time. Additionally, pecans are high in protein, have no cholesterol, and have other attributes that the industry could capitalize on if the information was made available to consumers on a broad basis.

The need for this research and promotion order is immediate. Increased annual consumption of pecans is a common goal of all facets of the pecan industry. A well conceived, properly funded research and promotion program, as authorized by the bill, can help to achieve that goal.

Part 2—Mushrooms

Part 2 of the bill will enable producers of fresh mushrooms to develop, finance, and carry out a nationally coordinated program for fresh mushroom promotion, research, and consumer information, in order to strengthen the fresh mushroom industry's position in the marketplace, maintain and expand existing markets for fresh mushrooms, and develop new markets and uses for fresh mushrooms.

The general approach taken by the legislation is similar to that used in promotion and research legislation for other commodities. It will provide for the issuance, by the Secretary of Agriculture, of an order providing assessment procedures applicable to producers and first handlers of mushrooms and establishing an administrative framework for the operation of the program. The mushroom order would be national in scope and would cover all varieties of cultivated fresh mushrooms commercially grown or imported into the United States. Mushrooms used in processing would not be included.

According to the 1988–1989 report on mushroom production by the National Agricultural Statistics Service of the Department of Agriculture, there are approximately 276 agaricus mushroom growers in the United States who produced 483,503,000 pounds of mushrooms for the fresh market at an average price of 97 cents per pound, thus generating a total sales value of $472,377,000. There were approximately 232 growers of exotic mushrooms, producing 5,493,000 pounds for sale at an average price of $3.99 per pound. These new specialty mushrooms, such as the shiitake and oyster varieties, were once almost exclusively imported, but are now domestically grown. However, practically all of these growers produce fewer than 500,000 pounds annually and therefore would not be assessed, although they would experience many of the same benefits from the program as other producers.

Fresh mushroom production in the United States has grown from 41 million pounds in 1966 to 483 million pounds in 1989. In 1989, 72 percent of the mushroom production in the United States was for the fresh market, compared with only 30 percent in the early 1970s. Pennsylvania is the largest mushroom producing state, with approximately 40 percent of the volume of national production. Mushrooms are available year round, largely because of controlled growing conditions in facilities in 38 states.

The mushroom industry faces many challenges. For example, annual per capita consumption of fresh mushrooms in Canada is approximately 6 pounds, Great Britain is at 6.8 pounds and the Netherlands boasts 8.2 pounds. However, in the United States, per capita consumption is only about 3 pounds. Therefore, the opportunity for increased sales and consumption of mushrooms are tremendous.

The mushroom program authorized by part 2 of subtitle C, would, if approved, allow mushroom growers to address such opportunities and address other marketing issues in an industry-wide, cooperative manner. Such a program could also provide a higher mushroom industry profile, increase consumer demand for mushrooms, and increase the stability of the mushroom market.

Research funded under the program authorized by part 2 of subtitle C could provide valuable information for improving markets for mushrooms. Specialty crops such as mushrooms have never been a major focus of Federal research dollars, and given today's budgetary situation, the Federal Government cannot be expected to provide additional assistance for commodity specific research. The bill will help the mushroom industry to enhance research efforts, and the benefits derived from such research will be of use to the entire industry.

A significant effort in research and education could also be undertaken to address consumers' concerns about the nutritional value and safety of mushrooms and to provide consumers with information on the nutritional benefits, the proper selection, storage, handling, and preparation of fresh mushrooms—all to the benefit of the consumer, as well as the industry.

Part 3—Potatoes

Part 3 of the bill will amend the Potato Research and Promotion Act (hereafter the "Act") to provide the National Potato Promotion Board (hereafter the "Board") with improved methods for collecting assessments from potato importers, as well as from domestic potato producers, in order to fund the conduct of potato promotion activities and marketing research, and to fund consumer education about the use of potatoes.

Under the authority of the Potato Research and Promotion Act of 1971 the Secretary of Agriculture currently appoints potato producers throughout the United States to serve on the Board. The Board, which currently consists of 95 members, collects assessments on all potatoes used for human consumption and for seed for the purpose of funding a program of research, promotion, and consumer information designed to expand the market for potatoes.

Current law authorizes the collection of assessments only on those fresh potatoes produced in the United States. Part 3 of subtitle C would authorize the collection of assessments on imported potatoes as well, and would assure that the responsibilities of those who benefit from the research and promotion activities are shared by those producers. The advertising and consumer information programs carried out by the Board since 1971 have been strictly generic in nature. That is, there have been no specific references to any particular brand of potatoes, nor has there been any effort to distinguish between potatoes produced in the United States for human consumption and such potatoes that are imported. The Board has received a number of awards for the excellence of its advertising programs.

The Board has also established and operated a nutrition education program for 15 years, through which the Board has developed and distributed information to consumers through point-of-sale efforts, nutritionists, educators, and the press.

To the extent that the market is enhanced through the Board's activities for potatoes produced in the United States, that same market enhancement is afforded imported potatoes. Even though the market is enhanced for the imported product, importers are not currently paying their share of the costs associated with the Board's research and education program. The need, therefore, for the Board to have authority to assess imported potatoes is clear. Part 3 of subtitle C would correct this inequity.

Current law provides producers with the right to demand refunds of assessments paid under the Act. If a potato producer wishes not to participate in the research and education program carried out by the Board, then that producer may petition the Board and demand a refund of the assessments levied on the producers' potatoes sold in commercial channels.

The current refund provision results in a situation in which about 5 percent of growers are given refunds totalling about 15 percent of total assessments collected. Too many large producers are getting a "free ride" on the program. Not all of the producers are paying the assessment, but all producers are benefitting from the market expansion activities of the Board. Part 3 of subtitle C would correct this inequity by allowing the elimination of the refund provisions of the Act, subject to a referendum of both domestic producers and importers.

Part 4—Cotton

Part 4 of subtitle C amends the Cotton Research and Promotion Act to authorize a referendum to determine whether domestic cotton growers and cotton importers support a mandatory, uniform assessment on domestically produced and imported upland cotton.

During the 1950's and early 1960's, the U.S. cotton industry saw its domestic markets steadily deteriorate, primarily because of aggressive marketing by the synthetic fiber industry. Thus, in the early 1960's, attention was focused on the need for the nation's cotton producers to initiate a self-help program to conduct research, product development, advertising, and promotion of cotton products. It was hoped that such a program would halt the decline of cotton sales in domestic markets, and even regain and expand these markets.

In order to finance such a program, Congress passed the Cotton Research and Promotion Act in 1966. The Act authorized a referendum to determine if U.S. cotton producers would agree to a self-imposed assessment of $1.00 per bale to fund research and promotion efforts, and established a Cotton Board to administer the program. The producer referendum was subsequently held and the program was overwhelmingly approved.

In 1976 Congress amended the Cotton Research and Promotion Act to end federal supplemental financing of the program, and to authorize a producer referendum on whether or not to increase the producer assessments. The referendum was approved, and subsequently the cotton research and promotion program has been conducted exclusively with income generated by assessments on domestically produced cotton.

Currently, the assessment rate is $1.00 per bale of cotton plus 0.6 percent of the value of the cotton at the point of first sale. There has been no contribution of federal funds since 1977.

The primary competition in the market for cotton remains the highly concentrated synthetic fiber industry, which spends $350 million annually on fiber research and promotion programs. In an attempt to be more competitive with the synthetic fiber industry cotton producers in the United States have, for the past 20 years, continued to assess themselves to pay for research and promotion. Although the annual program budget has averaged only about $18 million, this spending has generated significant contributions to the betterment of the cotton industry through research, new product development, and by building consumer awareness and recognition of cotton products.

As a result of the investments made by cotton producers, through a coordinated research program utilizing contracts and co-

operative agreements with State experiment stations, a module system to more efficiently handle seed-cotton has been developed. Textile research has resulted in improved flame retardant treatments, improved permanent press treatments, more economical dyeing procedures, the adaptability of new textile equipment to cotton processing, and vital information on health and safety issues. The cooperative advertising and promotion programs have built consumer awareness and increased demand for cotton products, as evidenced by the market share gains made by cotton in numerous end-products.

The Committee recognizes the positive benefits of a strong, coordinated research and promotion program and feels that additional funding would allow cotton producers to conduct an even more effective program of research and promotion in order to maintain a viable, competitive cotton industry and to provide consumers with valuable information about cotton and cotton products.

It is important to note that imported cotton and cotton products have benefited from the producer-financed research and promotion program. In fact, imported cotton products accounted for 39 percent of total domestic cotton consumption in 1986. The bill is designed to ensure that imported cotton contributes a fair share of the cost of cotton market development, by requiring the payment of assessments on imported cotton that are equivalent to those now imposed on domestically produced cotton.

The bill is also consistent with international trade agreements that require assessments to be applied equally, because checkoff contributions will be required for all domestic growers by the elimination of the existing refund authority. In the interest of fairness, the bill authorizes the representation by cotton importers on the governing body that supervises the operation of the research and promotion program.

The Committee does not intend for the bill to result in additional administrative costs for the federal government. Moreover, the bill provides that any such administrative costs be reimbursed through the program.

It is also noted that the Committee has heard from individuals who would support periodic (every five years) producer referenda on whether or not the cotton research and promotion program should be continued. Therefore, the Secretary should consider conducting periodic referenda with an interval of approximately five years to determine producer support for the program.

The cotton research and promotion program has proven its effectiveness in finding new and better ways to use cotton, and in regaining and expanding markets for this important crop. Part 4 of subtitle C is designed to make this self-help effort even more effective.

Part 5—Limes

Part 5 of subtitle C will authorize a program to allow domestic producers, producer-handlers, and importers of fresh limes to develop, finance, and carry out a nationally coordinated program for lime promotion, research, and consumer information.

The program, which would be administered by an 11 member lime board composed of seven producers, three importers, and one

public representative, is expected to generate up to $2 million per year, based on an assessment rate of not to exceed 1 cent per pound of fresh limes.

Limes are produced almost exclusively in two states: Florida and California. During 1988, according to the Department of Agriculture, approximately 75% of domestically produced limes for fresh use were shipped from Florida and approximately 25% were shipped from California.

Since the 1960's when the Federal marketing order was adopted, market conditions have changed drastically with respect to the quantity of limes imported into the United States. The major source of imported limes is Mexico, which supplied about 94% of the limes imported into the United States in 1988. Limes are imported from Mexico throughout the year, with the largest quantities arriving in August, September, and October. Small amounts of limes are also imported into the United States from the Bahamas, Honduras, and Costa Rica. In 1988, imports provided about half of total fresh lime consumption in the United States. Under the program authorized by part 5, imported limes would be assessed at the same rate as limes grown in the United States and sold in commercial markets since the benefits of any lime research or generic promotion efforts funded under the order would flow to importers of limes as well as to domestic lime producers.

TITLE XV—STATE AND PRIVATE FORESTRY

Fifty-seven percent of the Nation's commercial forest land in nonindustrial private ownership. This land can play an important role in meeting the Nation's needs for natural resources, including timber, recreation, range, fish and wildlife, clean water, and recreation.

Trees, open spaces, and forested lands in urban and community areas are a valuable and important natural resource. Community forests alone include over 70 million acres of incorporated municipal property and an unknown area of unincorporated property in communities and associated developments. The publicly owned portion of this resource in established communities is valued at over $50 billion, and the privately owned and newly developed and unincorporated areas are likely to be at least as large.

Forest lands, shade trees and open spaces enhance the quality of life and the economic value of property in cities, suburbs, and associated communities. In addition, tree plantings in urban areas can aid in reducing carbon dioxide emissions and energy consumption, thus contributing to efforts to reduce global warming. Efforts to maintain existing trees, encourage tree plantings and preserve existing open spaces in urban areas contribute to the social well-being and promote a sense of community in these areas, as well as help instill in urban residents a greater understanding of ecological values, natural resources, and the environment.

The activities of the Forest Service's State and Private Forestry program provide the primary source of Federal support for addressing the needs of private, nonindustrial landowners in the United States. Principal functions of the State and Private Forestry program include landowner technical assistance and education, forest

pest management, fire protection, forest utilization, and urban forestry. Federal activities in State and private forestry are carried out through close cooperation with State foresters or equivalent officials in the 50 States. The programs which support these activities are authorized by the Cooperative Forestry Assistance Act of 1978 (16 U.S.C. 2101–2110). These programs are distinct from, but complement forestry assistance programs of the Soil Conservation Service, the Cooperative Extension Service, the Agricultural Stabilization and Conservation Service, the Farmers Home Administration, and other USDA agencies.

Title XV—the State and Private Forestry Title—of H.R. 3950 responds to the need to encourage and improve the management, protection, and utilization of the Nation's nonindustrial private forests. Although other Titles of the Farm Bill, in both past and present years, have provided some measure of support to private, nonindustrial forestry, H.R. 3950 is the first farm bill to include a Title dedicated solely to this important element of agriculture. The Committee intends Title XV to provide a well-rounded and much needed basis for improving forestry activities in rural and urban areas.

Section 1501 is based on H.R. 3955, "the National Fire Forces Mobilization Act of 1990", which was introduced February 6, 1990, by Rep. Claude Harris and over 100 other Members.

Increasing numbers of fires throughout the southern and western U.S. have revealed the need for expanded preparedness to deal with such emergencies and for cooperation among various firefighting entities. The Department of Agriculture, through the Forest Service, provides some fire protection assistance to local areas under the Cooperative Forestry Assistance Act of 1978. However, greater financial, technical, and related assistance is needed in the area of preparedness and mobilization activities to assure that local resources are utilized more fully and effectively. It is the purpose of this section to authorize the funding of such assistance.

Increased cooperation among firefighting forces is also necessitated by growing areas of rural and urban interface, which require effective fire protection capability. Local, area, State and Federal fire protection agencies need to be properly trained and equipped to provide adequate fire protection in their own jurisdictions, and to be capable of responding to requests for fire suppression assistance from other firefighting entities.

The critical element in the eligibility of volunteer fire departments for direct assistance from the Secretary under this section is that the fire departments serve primarily a rural area. Because some rural fire districts cover large areas, the populations of these areas may exceed the limit contained in H.R. 3955 (community of 10,000 or less), although the population density of the fire district may be very low. For this reason, the language was amended by the Committee to allow the Secretary to determine eligibility by defining a rural area.

To aid in addressing the growing problems of gypsy moth, southern pine beetle, and spruce budworm infestations, Title XV also provides an additional authorization for cost share assistance to be provided only to those states with a demonstrated integrated pest management program which the Secretary deems to be acceptable.

Integrated pest management, consisting of a program that aids in the prevention, retardation, control, and suppression of incipient and effective system of dealing with forest pest problems than traditonal suppression activities. The Committee intends this additional funding to serve as an added incentive to States to expand the use of integrated pest management in dealing with these forest pests.

The general purpose of section 1503 is to make permanent the authority given the Secretary in the Disaster Assistance Acts of 1988 and 1989 to assist land owners in reforesting timber stands damaged by certain natural disasters.

The 1988 and 1989 Acts were developed in response to a specific natural disaster—drought—so assistance was limited to losses caused by drought or related conditions. Section 1503 is intended to cover a broad array of natural disasters that may damage forest stands. In addition, this section expressly includes damage by wildlife among the type of losses for which the Secretary is authorized to assist landowners.

Section 1503 is also intended to provide authority for assistance for a broader class of trees than the previous Acts. The 1988 and 1989 Acts limited assistance to losses of trees planted for commercial purposes within the previous two years. The authority contained in section 1503 does not require that trees were planted for a commercial purpose, nor that the trees were planted within a certain time period, because the loss of 35 percent of a stand as required in the section may be significant regardless of the purpose of that stand or when trees were established.

Title XV also expands existing research activities through amendments to the Forest and Rangeland Renewable Resources Research Act of 1978. Added support for reforestation research, in particular, is needed in light of growing concern for inadequate nonindustrial private landowner efforts to reforest following timber harvest.

It has for some time been generally recognized that the recycling of used materials promotes the efficient use of natural resources. However, in recent years the tremendous increase in the generation of waste, combined with the sharp decline in available landfill sites in which to dispose of the waste, has created a crisis situation.

According to the Office of Technology Assessment, paper and paperboard products account for a larger fraction of municipal solid waste than any other single category of material, accounting for some 40 percent of such waste, by weight. ("Facing America's Trash: What Next for Municipal Solid Waste?", OTA, Oct., 1989, p. 140.) The Forest Service estimates this figure at approximately 50 percent. Only about one-third of the paper and paperboard products that are manufactured are recovered and recycled.

Major obstacles to increased recycling, identified by both OTA and the Forest Service, are technological constraints in the papermaking and recycling processes.

The Forest Service is currently researching waste paper and wood recycling at the Forest Products Laboratory in Madison, Wisconsin. The agency has identified needs and opportunities for an expanded research effort to address such matters as new fiber cleaning methods, new fiber bonding concepts, structural applica-

tions, and composites. It is necessary to have these matters addressed before industry can be expected to invest the large amounts of capital needed for equipment to apply the processes on a broad scale.

It is the purpose of section 1504(b) to authorize the expansion of the Forest Service research program at the Madison facility. Laboratory space, much of the necessary equipment, and scientific staff currently available at this location minimizes start up costs and assures more immediate results leading to increased use of waste paper and wood. The authorization level provided in section 1504(b) would allow funding for necessary capital purchases of state of the art equipment and instrumentation as well as the actual research activities.

The provisions of section 1504(b) are intended to be in addition to existing authorities, and is not intended to replace or offset ongoing activities and appropriation authorizations.

The Forest Service has received and utilized through the State and Private Forestry division, appropriations each of the last two years for its Timber Bridge Initiative. The primary aim of the program is to diversify local economies by improving transportation networks in rural areas, expanding markets for local wood products, and creating service industries for wood bridge construction.

While this program is carried out under general authorities, it is the purpose of section 1504(c) to specifically authorize the continuation of the initiative. The Committee finds that timber bridges show tremendous promise for use in rural areas, offering satisfactory service for about one-third of the cost of construction and maintenance than traditional concrete and steel bridges. Because of their comparatively low cost, utilization of timber bridges would allow repair of the rapidly deteriorating rural infrastructure on a wider scale than would otherwise be affordable.

The construction of demonstration timber bridges, which was begun through the initaitve in fiscal 1989, has successfully shown the practical utility of these structures. More than 140 of the bridges have been approved for construction or built thus far in 41 States, on a cost-share basis. The bridges have been constructed using locally available timber resources, which is key to the rural economic revitalization aspect of the program.

Recently, the National Research Council (NRC) issued a report entitled, "Forestry Research: A Mandate for Change", which was prepared, in part, at the request of the Forest Service, Cooperative State Research Service, the Society of American Foresters, and the National Association of Professional Forestry Schools and Colleges. The panel charged by the NRC to conduct the study found that the existing level of knowledge about forestry is inadequate to develop sound forest management policies. The panal argued, "to help overcome this . . . a new research paradigm will need to be adopted—an environmental paradigm" and that "the adoptions of an environmental paradigm will require forestry research to increase the bredth of research areas covered and the depth to which they are investigated."

The State and Private Forestry Title direct the Forest Service to respond to the findings and recommendations of the NRC study in order to assess the current status and future direction of forestry

research in the United States. Given the increasing controversy surrounding public and private forest management issues, the Committee intends to avail itself of the NRC study and Forest Service response in order to assess what policies should guide forestry research into the next century.

To address interest and concern for the effects of urban growth on valuable forest resources, particularly near urban centers in the northeastern United States, the Committee has authorized a pilot program to establish a forest reserve system. Through the purchase of easements from willing sellers, this approach to forestland protection could aid in protecting lands of high recreational, aesthetic, watershed, and educational value near cities and suburbs. In implementing this program, it is intended that the Secretary take into consideration the potential for any commercial activities on the land subject to the easement that would return income to the landowner and that would be allowed under the terms of the easement. The appraisal of the value of the easement to be purchased by the Secretary should recognize and reflect this potential activity on the part of the landowner.

The Fiscal Year 1989 Interior Appropriations Act commissioned a study of northern forest lands, to be conducted by the Forest Service in consultation with the Governors' Task Force on Northern Forest Lands. The report was ordered in response to increasing concerns over the development of the forest lands of New England and New York, and resulting impacts on public access to these lands. The purposes of that study were to identify and assess the timber resources, land ownership patterns, impacts of ownership and management changes over time, and alternative strategies to protect the traditional uses of the land in the four-State region of Maine, New Hampshire, Vermont, and northern New York.

The report required by the 1989 Act has recently been published, as has a related report of the Governors' Task Force. These documents are productive contributions to discussions related to this issue. It is clear that the study has been highly valuable and that additional communications between the Forest Service, the States, and the public would be beneficial in developing a long-term strategy for dealing with these lands. The purpose of section 1506(a) is to specifically authorize the Secretary to continue this study, in continuing consultation with the Governors' Task Force.

In authorizing the continuation of this study, the Committee does not intend to alter two critical elements of the original directive: the requirement for public involvement in the study, including State and local governments, landowners, private organizations, and the general public; and the caveat that the study is not intended to lead to administrative action by any agency of the Federal government, but rather to provide Congress and the affected State governments with information for possible future action.

Because of the value of the Northern Forest Lands study, the Committee has also approved a similar study of lands in the region of New Jersey, New York, and Pennsylvania. Section 1506(b) through (e) is based on the text of H.R. 3803, introduced by Rep. Peter Kostmayer of Pennsylvania. The purposes and scope of the study authorized by section 1506(b) are intended to be similar to the Northern Forest Lands study, including the opportunity for

public participation. The Committee intends that the Secretary consult with representatives of the affected States in a manner similar to the Northern Forest Lands study.

State and private forests are under increasing demand to provide substantialy more of the goods and services that have been traditionally obtained from public forest lands. Properly addressed, this demand could serve as the catalyst for improved private investment in nonindustrial private forests. However, without proper management, these forest lands could be abused, resulting in a loss of their productivity and environmental values.

In order to significantly improve current efforts to promote the stewardships of nonindustrial private forests, the Committee has developed a new program of technical and financial assistance for private forest landowners. This program—the Forest Resources Stewardship Program—and its companion financial assistance program—the Stewardship Incentive Program—are intended to provide greater flexibility to State forestry agencies and landowners in developing multiple-use management plans for private forest lands. Together, these programs hold the potential to bring a significant acreage of private nonindustrial forest lands into management to help assure their long-term productivity and wise stewardship for both commodity and non-commodity resources for the long term.

Despite the value of trees and forest lands in urban areas and communities, less than half of all United States cities are managing their trees on a systematic basis. Only 41 percent of the cities surveyed in a recent study are managing their trees on a scheduled basis. In fact, since 1974 the percentage of cities involved in urban tree management and maintenance has fallen by 17 percent. Only 15 percent acknowledged having an urban forestry management plan of any kind and just 38 percent of the urban tree managers surveyed knew with any degree of certainty how many street trees they have.

Currently, the U.S. Department of Agriculture (USDA) Forest Service, under authority provided in the Cooperative Forestry Assistance Act of 1978, works cooperatively with the State foresters and other appropriate State officials in promoting urban and community forestry activities. In addition, under authority provided by the Renewable Resources Extension Act of 1978, the Extension Service engages in educational activities to promote better understanding of the importance of trees and forest lands in urban environments.

However, despite the existing USDA programs to promote urban and community forestry, trees and forests in community areas are in serious decline. Tree losses result from forested areas being cleared for new transportation and utility corridors, as well as new housing and industrial developments, outbreaks of insects and disease; physical damage and other stresses.

To help identify the research, management, and education needs in urban and community forestry and to provide for the efficient use of the limited funds available for urban and community forestry programs, Title XV directs the Secretary to expand the scope of the Department's current urban and community forestry activities.

The Committee emphasizes that, while the thrust of the title is forestry, with its primary focus on trees, the implementation of the

title should also encompass the important and complementry role played by ground covers, such as low growing dense perennial turfgrass sod. Such vegetation can play an important role along with trees in reducing carbon dioxide and producing oxygen and otherwise helping to alleviate the so-called "heat-island" effect in urban areas. The interrelationships between trees and such ground covers is an area deserving of special attention in implementing the title.

Therefore, the Committee expects that the research, technical assistance and education efforts as well as the projects considered for funding under the title will include the ground cover aspect of urban forestry, both individually and in combination with trees.

As a part of this FY 1991 budget, President Bush initiated the "America the Beautiful" program which includes a substantial effort to promote tree planting, maintenance, and protection in rural areas, communities, and cities. Title XV incorporates elements of this initiative which were incorporated into H.R. 4465, the "National Tree Planting Act of 1990", introduced by Chairman de la Garza and the ranking minority Member of the Committee, Congressman Madigan.

Title XV is intended to promote tree planting and maintenance activities with the goal of planting one billion trees—a key element of the President's "America the Beautiful" proposal. Another element of the title would establish a national foundation to provide support for projects and programs initiated by national, non-profit conservative organizations, city and community governments, and volunteer groups Through the granting of an initial $25 million to the foundation, the Committee intends to provide the basis for developing a lasting partnership between conservation interests and communities in support of a cleaner and healthier environment.

To eliminate the possibility of external market disruptions to the Christmas tree industry in Michigan, trees planted under this program will not be eligible for harvest and sale.

In order to place proper focus on the value of State and private forestlands today, and their increasing importance in the future, the Committee directed the President to establish a Commission on State and Private Forests. It has been several decades since a complete and comprehensive review of the nation's State and private forestlands has been conducted in order to assess their proper perspective in addressing demand for the commodity and noncommodity resources they provide. The Committee intends that the work of this Commission should serve as the basis for charting a course for future public and private investments in these valuable forest lands.

Forests and rangelands east of the Cascade Crest in Oregon and Washington fall far short of their productive capacity to yield multiple products, services, and benefits and yet these lands are being challenged to provide greater resource outputs. Interior forests are among the most insect and disease infested forests in North America. Early management practices were major contributing factors to the undesirable state of health of forests and rangelands of the interior Pacific Northwest. The exclusion of fire and past cultural practices have allowed the forest to become overstocked and/or to succeed to "pest-susceptible" forest types; while introduced nonnative grasses are dominating rangelands, juniper is spreading into

grasslands, and noxious weeds are threatening both rangelands and forests, with consequent reductions in diversity and productivity. The build up of unprecedented fuel loads in interior forests places them under continual threat of catastrophic fire. Losses to insects, disease, and fire; and reduced productivity and diversity of rangelands have far-reaching environmental and economic consequences to local communities and a region entirely dependent on land-based resources.

Title XV establishes the Blue Mountain National Resource Institute and initiates a 10-year program, centered in LaGrande, Oregon, that mobilizes and focuses the talents, resources, and energy of public and private interests in searching for ways to address these serious land management issue.

Title XV would also establish a Forest Policy Institute at the State University of New York College of Environmental Science and Forestry at Syracuse. The college is already a well established resource on forestry issues and, given the tremendous availability of hardwood in the northeast region of the United States, Syracuse would appear to be a natural location for such an Institute. The Institute would examine ways to better use the vast hardwood resources in the region, creating the potential for providing employment and bolstering the economy of the region.

The Great Plains is predominantly a semiarid, food-producing region characterized by a variety of environmental extremes and problems. These problems include dwindling and potentially contaminated water supplies, erosion of valuable topsoil, and off-site damage from wind and water erosion. Land degradation is an especially important factor. The great Plains holds 71.5 percent of U.S. cropland where wind erosion is greater than the U.S.D.A. Soil Conservation Service soil loss tolerance of 5 tons per acre per year. The U.S. Forest Service currently operates the Forestry Sciences Laboratory in Lincoln. The current mission of that facility is to act as a tree research and technology transfer center for the Great Plans.

Title XV authorizes the establishment of a Semiarid Agroforestry Research, Development and Demonstration Center to work in cooperation with the Forest Service facility Lincoln, Nebraska to aid in developing semiarid agroforestry systems applicable to the extreme climatic conditions that prevail in the region. Such systems hold the potential to greatly increase the stability and sustainability of nonirrigated agriculture on semiarid lands.

The Committee is concerned that exports of unprocessed hardwood logs may be increasing at a rate which adversely impacts the domestic processing indusry, as well as manufacturers who utilize processed hardwoods. Hardwood timber is a significant resource particularly east of the 100th meridian in the United States.

The Forest Service, through the National Forest System and State and Private Forestry division, should review the matter and determine the volume of unprocessed hardwood timber that is exported, on an average annual basis, and that which is sold for domestic processing. In addition, the Forest Service should study various means by which the supply of hardwood timber could be increased, including enhanced land management assistance and product marketing information.

TITLE XVI—CONSERVATION

Introduction

Conservation measures are an integral part of good farming practices. The Committee believes there is a need to recognize the concerns of farmers, ranchers, consumers, and the public, and to strike a balance between agricultural production and environmental protection. Title XVI addresses the conservation needs of producers and the environmental effects of agricultural production through an expansion of existing soil and water conservation programs, the establishment of new water quality and wetland protection measures, and the creation of a new framework in USDA and at the State level to improve the administration of the Department's conservation and environmental protection efforts.

The Food Security Act of 1985 authorized several conservation measures intended to address concern for the effects of agricultural production on soil erosion and wetland loss. Despite problems with initial implementation, sodbuster, swampbuster, conservation reserve, and conservation compliance have contributed significantly to efforts to minimize soil erosion, protect fragile croplands, and reduce the conversion of wetland for agricultural production. These measures serve as the foundation for the improved conservation efforts and new environmental programs that are authorized by Title XVI.

Highly Erodible Lands

Protection and preservation of highly erodible land continues to be a priority concern to the Committee. The Conservation title of H.R. 3950 expands the list of Federal program benefits which can be lost by any person who produces an agricultural commodity on highly erodible land without an approved conservation plan. New or revised conservation plans will be required to reduce erosion by at least 50 percent from the level that would occur if conservation measures were not applied. Presently, no soil loss standard exists to serve as a benchmark for assessing the acceptability of a conservation plan.

To assist producers who have minor or inadvertent infractions in meeting the objectives of their approved plan, the Secretary can consider the degree of noncompliance and reduce a producer's payment eligibility accordingly by an amount that is equitable in light of the extent of noncompliance that occurred, rather than lose all program benefits for the entire year.

In addition, H.R. 3950 would permit tenant farmers to continue to be eligible for farm programs when the tenant can demonstrate that a good faith effort was made to comply, but the owner or other tenants refused or failed to do so.

Wetland Protection

H.R. 3950 provides clarification of the manner in which the wetland protection provisions—the swampbuster provisions—of the 1985 Food Security Act are to be applied and makes improvements in the process for delineating wetland and determining ineligibility in accordance with violations of the swampbuster program.

The Committee recognizes that our nation's wetlands constitute a productive and valuable public resource. Wetlands act as filters and sediment basins to protect surface and ground water quality, reduce the likelihood of flooding by storing excess waters, and are essential to migratory waterfowl and other wildlife who depend upon them for nesting and breeding areas.

The Department of Agriculture estimates that approximately 8 million acres of wetland subject to the wetland provisions of the Food Security Act of 1985 are farmed each year. These acres consist of temporarily flooded wetland, often referred to as nuisance spots by producers, and seasonally flooded wetland which retain surface water for longer periods of time.

Less than 44 percent of the original wetland in the United States remain today. It is estimated that over 80% of the wetland lost annually are the result of conversion for agricultural use.

The Committee learned that during the past four years, some wetland designations had apparently been made by considering only one of the three criteria used to define a wetland in the 1985 Act. To emphasize the importance the Committee places on proper designation of wetland using the statutory definition, the language in the 1985 Act has been restated in this bill.

In addition, the Committee has determined that a need exists for nationwide consistency in identifying and delineating wetland and has required the Secretary to delineate all wetland on maps and to physically inspect an area before denying a producer farm program benefits for a swampbuster violation. Any changes in wetland classification may not result in adverse action against a producer if the action was based on inaccurate information provided by the Secretary.

To provide producers with an opportunity to improve the efficiency of their farming operation, the conservation title of H.R. 3950 also establishes a mitigation process whereby the producer works with the Secretary of Agriculture and the Secretary of the Interior to allow for the conversion of a wetland provided an equivalent area is returned to wetland status.

In recognition of the need to preserve our nation's wetland, the conservation title also establishes a voluntary permanent easement program to protect wetland and creates a National Agricultural Wetlands Reserve program with the goal of enrolling up to 2.5 million acres of wetland into permanent easements. The Conservation Reserve Program currently includes an enrollment of approximately 400,000 acres of wetland. The wetland and environmental easement program established by this title can aid in preserving agricultural wetland in the United States.

Conservation Reserve Program

Concern over soil loss from highly erodible land resulted in the creation of the Conservation Reserve Program (CRP) as part of the Food Security Act of 1985. The goal established for the CRP was to retire from production, for 10 years or longer, a minimum of 40 million acres of highly erodible land by the end of 1990. To date, however, only 33.9 million have been enrolled—over 6 million acres less than the established target.

The Committee believes there is a continuing need for the Conservation Reserve Program and that the Program should be extended and targeted to additional environmentally sensitive areas. As reported by the Committee, the conservation title of H.R. 3950 extends the Program an additional five years and provides for a five-year extension for some existing contracts. Future enrollments will be targeted to the most highly erodible lands that cannot continue to be cropped in accordance with an approved plan, marginal pastureland, or to cropland in environmentally sensitive areas that, if left in production, could pose a threat to water quality. Critical areas such as filterstrips, sod waterways, and contour strips that are essential for erosion control or the prevention of the degradation of water quality are also now eligible for inclusion in the CRP.

Of the acres targetted for enrollment in the CRP in 1985, it was envisioned that one-eighth, or approximately 5 million of the CRP acres, would be planted to trees. However, only one-half of this goal has been met. The Committee believes there is a need to increase tree planting on CRP acres and has provided additional incentives to achieve that end. These incentives include making available marginal pasture land, authority for increased levels of cost sharing assistance, and the authority to convert to trees acres already enrolled in the CRP.

Water Quality Protection

The deterioration of water quality in rural areas of our nation is a matter of increasing concern to the Committee. The Environmental Protection Agency has estimated that over 600,000 rural households are served by water supplies whose nitrate levels are above the accepted norm. Agricultural point and nonpoint source pollution is more frequently being identified as contributing to surface and groundwater degradation.

Agricultural activity is increasingly the target of both Federal and State water quality laws. The Committee recognizes the need to reduce agricultural pollutants and in the conservation title has established a voluntary five-year program to help farmers plan and implement procedures to improve and protect water quality. As an incentive, payments of up to $3,500 per year are authorized to develop and implement these water quality plans. Producers may qualify for an additional $1,500 in cost share assistance if, in conjunction with the implementation of their water quality protection plan, they agree to develop and establish approved practices to enhance wetland or wildlife habitat. Since many of the practices that are necessary to provide water quality protection, such as the establishment of permanent cover on riparian areas and the creation of filter strips and windbreaks, require only minor modification to improve their benefit to wildlife, the Committee anticipates that substantial improvements in wetland and wildlife habitat can be made through this water quality protection program.

Natural Resource Loan Program

The Committee recognizes that traditional cost share programs are inadequate to provide the necessary funding to aid many producers to come into compliance with the highly erodible land provi-

sions of the Food Security Act of 1985. In response to the need for compliance, the Committee has established the Natural Resource Loan Program. Under this program, loans will be made available to carry out conservation measures.

Other Provisions

Aware of the growing complexity and increasing technical aspects of conservation activities, the Committee recognizes the need to provide a framework to address these technical requirements. The conservation title establishes, in each State, a State Technical Committee whose members will be drawn from the appropriate State and Federal agencies.

In establishing these State Technical Committees, the Committee intends to ensure that the necessary expertise is available at the state level to offer solutions to problems that may arise in implementing the conservation provisions of this title in a scientifically-sound and expeditious manner. The State Technical Committees serve in an advisory capacity as a resource to those responsible for implementing the conservation programs authorized by the 1985 Food Security Act, as amended by H.R. 3950, to provide advice on technical questions and to offer guidance in resolving questions and conflicts that may arise. However, the Committee intends that the State Technical Committees report to the Secretary, who is ultimately responsible for the implementation of the conservation provisions of this Title.

Within USDA, the Committee has established an Office of Environmental Quality. The purpose of the Office is to aid the Secretary in evaluating the effects of agriculture programs on the environment and to assist the Secretary in coordinating and monitoring efforts to improve environmental quality.

The Committee has extended the Great Plains Conservation Program, due to expire in 1991, to September 30, 2001 and amended the Watershed Protection Act to reflect the Committee's commitment to the enhancement of water quality.

Finally, Title XVI permits those farmers who voluntarily agree to adopt integrated farm management plans to benefit from an alternative approach to commodity production. The program is specifically geared to resource-conserving crop rotations and allows farmers to utilize more extensive rotations to conserve soil and water, improve soil fertility and tilth, and break up pest cycles. This program option is intended to complement the general flexibility provisions adopted by the Committee in the commodity program titles.

Title XVII—Food Stamp and Related Provisions

Introduction

Title XVII, entitled the Mickey Leland Memorial Domestic Hunger Relief Act, amends the Food Stamp Act of 1977, the Temporary Emergency Food Assistance Act of 1983, the Hunger Prevention Act of 1988, the Agriculture and Consumer Protection Act of 1973, the Agriculture and Food Act of 1981, and the Food Security Act of 1985, to reauthorize, through fiscal 1995, the Food Stamp Program and the various commodity donation programs, including

the Temporary Emergency Food Assistance Program (TEFAP) and the Commodity Supplemental Food Program (CSFP).

The title honors Congressman Mickey Leland, the first Chairman of the House Select Committee on Hunger, who died in August 1989 during a trip to Africa to further his work to alleviate hunger around the world. Congressman Leland's courage, vision, and persistence throughout his service in Congress helped move the issue of hunger, in America and overseas, to the fore of the consciousness of the Congress. He knew that the human tragedy of hunger could reach across partisan and ideological lines. In developing and approving this title, the Committee pays tribute to the conviction and vision of Congressman Leland by continuing the vitally important work that was so much a part of his life.

From the testimony delivered at nine hearings held during the 101st Congress by the Subcommittee on Domestic Marketing, Consumer Relations, and Nutrition, the Committee learned hunger and poverty not only persist but are increasing. In hearings held in Washington, D.C.; Atlanta, Georgia; Houston, Texas; and New York City, U.S. Department of Agriculture (USDA) officials, State and local officials, representatives of charitable and advocacy organizations, program recipients and other witnesses testified to the need to improve and strengthen the federal nutrition programs.

The Committee heard testimony that in Georgia, an additional 9,742 households were added to the food stamp rolls last year, and understands that Georgia and other states are experiencing continued increases this year in food stamp participation levels. There are 5.8 million more people living in poverty today in this country than at any time during the 1970's, including periods of recession. 1988 Census information indicates that there were 2.6 million more people living below the poverty line than in 1980 yet there were 1.1 million fewer people receiving food stamps. One in seven Texas food stamp households, some 78,000 families, has no income and exists solely on food stamps. Surveys of soup kitchens and food pantries continue to show high levels or increasing levels of need.

It is indisputable that poverty and hunger remain serious problems affecting certain segments of our population despite the Nation's overall economic recovery.

Summary of Major Provisions of Title XVII

The major provisions of Title XVII of H.R. 3950 are:

1. Reauthorization of the Food Stamp Program through 1995, providing such sums as are necessary for the operation of the program.

2. Reauthorization of The Emergency Food Assistance Program (TEFAP) through 1995 and requiring that $175 million of commodities be purchased in 1991 and $190 million in 1992 and authorizing $220 million each year for 1993, 1994 and 1995.

3. Reauthorization of the purchase of commodities for soup kitchens and food banks through 1995 at $32 million per year. This is a program aimed specifically for the homeless.

4. Repeal the ceiling on excess shelter expense deductions by 1994.

5. Increase food stamp benefits to 105 percent of the Thrifty Food Plan by 1995.

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6. Disregard the first $50 of child support payments received from any source when calculating food stamp benefits.

7. Simplify the definition of a household to state that persons purchasing and preparing food together will constitute a household. Parents and their minor children, and husbands and wives, must be a part of the same household.

8. Increase the $4,500 limit on cars to $5,500 by 1995 and provide for consumer price indexing of cars. Exempt cars that are used to transport heating fuel or water for the household, when this is the only source of heat or water.

9. Provide new and stricter penalties for people who illegally sell food stamps, solicit the sale of food stamps or accept illegally obtained food stamps. Penalties are increased for those using food stamps to purchase illegal drugs, firearms or explosives.

10. Provide an alternate method of issuing food stamp benefits, electronically, and require the Secretary of Agriculture to set standards for the electronic benefit transfer (EBT) projects, after consultation with interested parties. Equipment used in EBT projects must be available in all checkout lanes.

History of the Food Stamp Program

Since the 1960's, food stamps have become the largest source of food aid to the needy, gradually replacing an older form of Federal food assistance, the distribution of U.S. Department of Agriculture (USDA) commodities. Today, the Food Stamp Program is the nation's primary food assistance program.

The modern Food Stamp Program started as a set of pilot projects in the spring of 1961 by a Presidential Executive Order under legal authority to spend funds to support agriculture. After several years' experience with these pilot projects, the Administration proposed and Congress adopted the Food Stamp Act of 1964, providing a more specific and permanent legislative base for the program and opening it up to all areas of the country wishing to join. The first major phase of the program's evolution ended in 1970–1971. Administrative changes, followed by Congressional action in late 1970, set uniform national eligibility and benefit standards, including inflation adjustments and work-related requirements. These replaced the original program's reliance on more restrictive State-established eligibility rules and significantly boosted benefit levels. As late as 1973, food distribution recipients represented almost 20 percent of those receiving food stamp or commodity assistance, and food stamps were available in only about two-thirds of the Nation's counties.

The next major turning point came in 1974–1975, and established the program as the Nation's primary defense against hunger, assuring that no matter where in the country one lives, one need not go hungry. As the result of 1973 legislation, the program became nationally available in early 1975, supplanting the food distribution program in all but some Indian reservations and the Pacific Trust Territories.

The Food Stamp Act of 1977 replaced the 1964 Act and changed the program's character. Foremost, the food stamp "purchase requirement" was eliminated. Participating households had been required to "buy into" the program by paying a portion of their

income for stamps (their expected contribution to their food costs). They then received a food stamp allotment that was larger than their purchase requirement by a "bonus" amount (their benefit). Today's program assumes that recipients will spend some 30 percent of their income on food (roughly equivalent to the old purchase requirement) and provides a benefit allotment (the old bonus amount). However, with a view toward limiting the growth that would come with expanded participation after elimination of the purchase requirement, some restrictions on eligibility and benefits were introduced (e.g., income disregards were limited and restructured to focus more specifically on the income that was reasonably available to help a household meet food costs; automatic food stamp eligibility for cash welfare recipients was ended), and appropriations were "capped" with specific authorization ceilings. As with the 1970–1971 and 1974–1975 changes, implementation of the 1977 Act greatly increased food stamp participation and costs. Just as important, the basic structure of the program was changed: many rules that had been specified only in regulations were placed into law (often in an altered form), and the welfare and income guarantee features of the program became more evident.

Soon after the 1977 Act's changes were put in place in 1979, limiting program growth became the focus of attention, largely because of budgetary constraints, even as the authorized appropriations ceilings were adjusted upward to make room for needed appropriations as participation and benefit levels moved beyond earlier predictions. In 1980, inflation adjustments were limited, several eligibility tests were made more restrictive, fiscal penalties for States with high rates of erroneous benefit payments were added to the program's "quality control" system, and a number of administrative changes were required to better keep track of applicants' and recipients' circumstances.

In 1981 and 1982, a series of laws further limited inflation adjustments, mandated a one-percent across-the-board decrease in the maximum benefit level, established 130 percent of the Federal poverty standards as the income eligibility ceiling for most households, ended Federal funding for "outreach" efforts, replaced Puerto Rico's program with a "block grant," ended eligibility for strikers and many postsecondary students, expanded work-related requirements (e.g., allowed States or localities to set up "workfare" programs for food stamp recipients), reduced benefits for those with earnings, mandated a new quality control system, and changed a host of administrative rules further restricting benefits and controlling for potential abuse. As a result of the 1980-1982 actions, the growth of the program slowed and, after a brief increase during the 1983 economic downturn, participation in 1984 began an extended decline that has only recently ended.

The growth-limiting theme of food stamp legislation began to change in 1984, when the earlier one-percent cutback was restored. In 1985, more liberalizations were included in the Food Security Act of 1985. Major new initiatives included a requirement for employment and training programs, a prohibition on collecting sales taxes on food stamp purchases, and reintroduction of automatic food stamp eligibility for AFDC and SSI recipients. Although some benefit-reduction provisions were included, benefits were increased

for those with earnings, dependent care costs, and high shelter expenses, and a number of eligibility tests were eased. Puerto Rico's block grant for nutrition assistance also was boosted for the first time, though by less than the amount needed to catch up with inflation.

This trend continued with the nutrition title of the Stewart B. McKinney Homeless Assistance Act of 1987 and the Hunger Prevention Act of 1988. The McKinney Act sought to make the Food Stamp Program more accessible to homeless and near-homeless households by expediting the delivery of benefits and allowing some relatives doubled-up in housing units to apply separately for food stamps.

The food stamp provisions of the Hunger Prevention Act required: a phased-in, three-percent across-the-board increase in benefits over and above inflation adjustments; more liberal eligibility rules and increased benefits for those with dependent care expenses, the disabled, and families with earnings; simpler eligibility rules for needy farm households; and numerous changes intended to ease access to the program through renewed funding for "outreach" activities and revised administrative standards.

Moreover, two major components of the Food Stamp Program were substantially restructured: (1) some expansion of the program's employment and training activities was allowed; more complete reimbursements for the expenses of participants in work and training activities were called for; new performance standards to measure State agency employment and training efforts were mandated; and (2) the 1988 Act also revamped the program's quality control system, seeking to limit financial penalties resulting from erroneous benefit payments to only those States demonstrating mismanagement of the program significantly worse than the national average.

Operation of the Food Stamp Program

The regular Food Stamp Program operates in all 50 States, the District of Columbia, Guam, and the Virgin Islands. The Federal Government, directed by the provisions of the Food Stamp Act of 1977, as amended, is responsible for virtually all the rules that govern the program. Outside a few variations for Alaska, Hawaii, and the territories, these rules are nationally uniform. The Food Stamp Program is the only benefit program in the United States that provides approximately the same level of benefits to a household no matter where in the country a household lives. It is also the only program that is designed to provide benefits based only on need rather than on age or health.

Alternative block grant nutrition programs are offered in Puerto Rico and the Northern Mariana Islands, and program variations occur in a number of demonstration projects and in those jurisdictions that have elected to exercise the limited number of program options allowed.

Funding is overwhelmingly Federal, although the States, and other jurisdictions have financial responsibility for approximately one-half administrative costs, as well as liability for erroneous eligibility and benefit determinations.

Regular food stamp benefits are available to nearly all low-income households meeting Federal eligibility tests for monthly income and liquid assets, as long as certain adult household members fulfill work registration and employment and training program requirements. In addition, recipients in the two primary Federal/State cash welfare programs, the Aid to Families with Dependent Children (AFDC) and Supplemental Security Income (SSI) programs, generally are automatically eligible for food stamps. The program has relatively few nonfinancial eligibility tests, and food stamp financial eligibility rules are generally less restrictive than cash welfare programs. As a result, it fills in "gaps" in a welfare system that by and large limits eligibility to certain categories of the poor (e.g., the disabled, elderly, children) and grants benefits under standards that vary widely by State.

The Food Stamp Program is designed to increase the food purchasing power of eligible low-income households so that they can buy a nutritionally adequate low-cost diet. Participating households are expected to use 30 percent of their countable monthly cash income, on average about 15- to 20-percent of their gross income, for food purchases. Food stamp benefits then make up the difference between the household's expected contribution to its food costs and an amount judged to be sufficient to buy an adequate low-cost diet.

This amount, the maximum food stamp benefit level, is derived from the USDA's lowest-cost food plan (the Thrifty Food Plan), varied by household size, and adjusted annually for food cost inflation, and increased by three percent beginning in 1991. A participating household with no counted cash income receives the maximum monthly allotment for its size, intended to enable it to purchase an adequate low-cost diet with its food stamps alone. On the other hand, a household with some counted income receives a lesser allotment, reduced from the maximum at the rate of 30 cents for each dollar of countable income and intended to enable it to purchase an adequate low-cost diet with a combination of food stamps and its own cash.

The Food Stamp Program uses a relatively complex set of Federal standards to determine a household's need for aid and the amount of its food stamp benefit. Households with the same monthly income may have a differing need for food aid. So, while food stamp rules aim for a generally uniform national food assistance program, they also recognize, to a modest extent, varying circumstances that may impinge on the ability to buy food. Benefits and income eligibility requirements differ according to household size. They can be affected by shelter and dependent care expenses, and whether income is earned (allowing for taxes and work expenses). For the elderly and disabled, medical costs are taken into account. Noncash income generally is not counted. In some areas (Alaska, Hawaii, Guam, and the Virgin Islands), substantial geographic differences in food and other living costs are accounted for. Benefits and income eligibility standards also are adjusted for inflation.

Estimates place the number of food stamp-eligible individuals at a minimum of 30 million, although no more than two-thirds of them participate in the program in any given month. The food stamp caseload changes in response to economic conditions and re-

visions in program rules. Over the past decade average monthly participation, including Puerto Rico, has ranged from a low of 17.7 million (fiscal 1979, the year in which elimination of the purchase requirement was phased in) to a high of 23.2 million (fiscal 1983, reflecting an economic downturn). In April 1990, 20.3 million people participated in the regular Food Stamp Program, a significant increase in participation from approximately 19 million a year earlier.

FOOD STAMP PARTICIPATION: 1979–1989

[Average monthly participation, in millions of persons]

	50 States, D.C., and the territories	Puerto Rico	Total
Fiscal year:			
1979	15.9	1.8	17.7
1980	19.2	1.9	21.1
1981	20.6	1.8	22.4
1982	20.4	1.6	22.0
1983	21.6	1.6	23.2
1984	20.9	1.5	22.4
1985	19.9	1.5	21.4
1986	19.4	1.5	20.9
1987	19.1	1.5	20.6
1988	18.7	1.4	20.1
1989	18.8	1.4	20.2

FOOD STAMP PROGRAM COSTS: 1979–1990

[In millions of dollars]

	50 States, D.C., and the territories	Puerto Rico	Total
Fiscal year			
1979	6,940	.....	6,940
1980	9,207	.....	9,207
1981	11,313	.....	11,313
1982	10,867	207	11,074
1983	11,853	825	12,678
1984	11,628	825	12,453
1985	11,750	825	12,575
1986	11,653	820	12,473
1987	11,621	853	12,474
1988	12,338	879	13,217
1989	12,860	908	13,768
1990	15,772	937	[1] 16,709

[1] Estimated.

"Food Stamp Program" costs reflect all program costs, including benefits, state administrative expenditures, and other costs of administering the program. For periods prior to 1982, the cost of the Food Stamp Program in Puerto Rico is included in this number.

"Puerto Rico" costs represent those costs associated with the Nutrition Assistance block grant.

Characteristics of Food Stamp Recipients

According to the most recent published information (for the summer of 1987), food stamp households are poor, often participating in other government programs, and primarily composed of children, the elderly, and the disabled. Some 39 percent have basic (gross) monthly incomes below half the Federal poverty guidelines

and receive nearly 60 percent of food stamp benefit dollars. Two-thirds of participants are children, elderly, or disabled.

In 1987, the average basic (gross) monthly cash income of all food stamp households was $426. Some six percent reported no income; just over half had income less than $400 a month; and only 12 percent had monthly cash income above $700.

The overwhelming majority (75 percent) of participating households had no countable liquid assets. Another 19 percent had countable assets of less than $500. Assets holdings were higher among households with elderly members, but for all households countable assets averaged only $79. Elderly households had an average of $182.

In 1987, 61 percent of food stamp households contained children (age 17 or younger) and received 83 percent of food stamp benefits. They were predominantly (82 percent) headed by women, 73 percent of whom received AFDC benefits. Female-headed families with dependent children comprised half of all food stamp households. The average size of households with children was 3.7 persons, as opposed to an average of 2.7 persons for the entire food stamp caseload. About 51 percent of food stamp recipients were children, a third of whom were pre-school age.

Households with elderly (age 60 or over) members comprised 20 percent of food stamp households. They received eight percent of benefits, a reflection of their proportion of all recipients (eight percent), their smaller than average household size (1.5 persons), and relatively higher income (compared to other recipient households of the same size). Some 72 percent of elderly households were single persons, 80 percent of whom were single elderly females. Most elderly participants (89 percent) either lived alone or with only one other person.

At least eight percent of food stamp households, receiving six percent of benefits, had one or more disabled members. This estimate is based on a narrow definition of disability, receipt of SSI disability payments. Using a broader definition, exempt from work registration due to disability, as many as 10 percent of all households contained at least one disabled person, and six percent of all recipients were disabled.

History and Operation of the Temporary Emergency Food Assistance Program

In December 1981 the Administration announced the beginning of the surplus dairy distribution program. Distribution was made to achieve a two-fold goal: disposal of government-held surplus commodities to prevent waste and providing food assistance to needy families and individuals. As this program evolved, additional types of commodities were requested by State and local agencies. In addition, there were requests for assistance to add to the resources provided by volunteers so that these additional commodities could be efficiently transported, stored and distributed. During the period January 1982 through March 1983, a total of 304 million pounds of cheese and 83 million pounds of butter, valued at $580 million was provided to states for the distribution to needy families.

In March 1983, the Temporary Emergency Food Assistance Program (TEFAP) was authorized (P.L. 98-8) to formalize the surplus

commodity distribution program initiated by the Administration. As a result, additional commodities were made available to States and $50 million was provided to assist State and local agencies in the costs of transporting, storing and distributing surplus commodities.

In August 1983, TEFAP was reauthorized through 1985 (P.L. 98–92) and the Act specifically defined agencies and recipients eligible to participate in TEFAP. Again, in the Food Security Act of 1985 (P.L. 99–198), TEFAP was reauthorized for a two-year period and surplus commodities continued to be made available as a reasonable means for diminishing excess Federal Government commodities in a manner that is beneficial to needy Americans, without an adverse affect on commodity prices. In the Stewart B. McKinney Homeless Assistance Act (P.L. 100–77), TEFAP was reauthorized for 1988.

The Committee has recognized the importance of TEFAP through its continuing oversight and reauthorization of the program. It is an important program providing for distribution of surplus commodities to needy families. TEFAP is a cost-effective and proven method to help our neediest citizens.

During 1987 the monthly distribution of surplus commodities under TEFAP was as follows:

Cheese, 35 million pounds
Butter, 6 million pounds
Honey, 8 million pounds
Flour, 12 million pounds
Nonfat dry milk, 8 million pounds
Cornmeal, 4 million pounds
Rice, 15 million pounds

However, in the fall of 1987 the Committee was notified by USDA that the supply of surplus commodities for TEFAP had been substantially reduced. The reductions were a result of changes in the dairy price support program and accelerated donations and sales. USDA estimated that for 1988 the amount of surplus cheese, nonfat dry milk, honey, and rice would be reduced.

The Committee was deeply concerned about the reduction in supplies of surplus commodities for distribution through TEFAP. These commodities have provided assistance to 15 million people. TEFAP is an effective means to get food to needy people because it depends, for the most part, upon a network of distribution that is both reliable and efficient. TEFAP has been the means by which government agencies, the private sector, and charitable institutions have joined together to help feed needy families. Such a partnership is essential if we are to end hunger in America.

In order to respond to the reduction in surplus commodity distribution, the Hunger Prevention Act of 1988 (P.L. 100–435), reauthorized TEFAP through 1990, required the purchase of $120 million worth of commodities in 1989 and 1990, and continued the authorization level of $50 million to cover distribution, handling and storage costs. The commodities distributed in 1989 and 1990 included the surplus commodities, such as flour, cornmeal and butter, as well as the purchased commodities, such as canned beans and pork, egg mix, raisins, and peanut butter.

Reducing Childhood Hunger

Preliminary results of the Community Childhood Hunger Identification Project (CCHIP), sponsored by the Food Research and Action Center and developed by the Connecticut Association for Human Services, indicate there are at least two- to five-million low-income children in the United States that are hungry at any given time, and as many as eight- to nine-million children are either hungry or at risk of hunger at any given time. Hungry children suffer almost twice as many specific health problems as do children who are not hungry. The children with these health problems were more likely to be absent from school. The Committee believes proper nutrition for children must be assured by our Federal nutrition programs.

Households with high shelter expenses.—Title XVII contains a provision eliminating the cap on the excess shelter cost deduction as a means of increasing the food stamp allotments for households with children. The food stamp benefit structure is designed to ensure that poor households have enough resources, including their food stamps, to purchase an adequate diet after the cost of other necessities, such as paying the rent. The goal is designed to be achieved by providing several deductions from household income, including a deduction for very high shelter costs, those which exceed 50 percent of a household's net income. The cap applies primarily to households with children and other households that do not contain an elderly or disabled member, and it was set at a time when housing costs rarely exceeded the 50 percent threshold. Recent studies indicate that more than 45 percent of poor renters pay more than 70 percent of their income for shelter costs, and more than 70 percent of food stamp households claim a shelter deduction. The Food Stamp Program assumes that these poor renters have money available for food that now must actually go to shelter costs. To correct this imbalance, title XVII raises the current $177 cap on the excess shelter deduction each year from fiscal 1991 through fiscal 1993, and removes the cap beginning in fiscal 1994. This change will affect approximately 25 percent of food stamp households.

Basic benefit level.—The Hunger Prevention Act of 1988 acknowledged the inadequacy of food stamp benefit levels when compared to actual inflation and food costs and raised them, incrementally, to 103 percent of the Thrifty Food Plan by fiscal 1991. Witnesses at recent hearings testified to the need for further increases. This title continues the increases in benefit levels, in stages, to 105 percent of the Thrifty Food Plan by fiscal 1995. Over the 13-year history of the Thrifty Food Plan, the average cost of the plan in the last half of the fiscal year has exceeded the cost in the previous June, the month used for inflation adjustments, by slightly more than five percent. The adjustment to 105 percent of the Thrifty Food Plan will make it more likely that food stamp allotments will be sufficient to allow food stamp households to purchase, with coupons and cash, the Thrifty Food Plan for most or all of the year because inflation will be more accurately reflected in the allotments.

Continuing benefits to eligible households.—The Disaster Assistance Act of 1988 (P.L. 100-387) prohibited the prorating of migrant and seasonal farmworkers' food stamps when they reapply after having been off of the program for less than one month. Title XVII extends this provision to other food stamp households. The Committee intends for this provision to be an administrative simplification as well as a way of ensuring that more adequate benefits reach households who temporarily leave the program for reasons not related to a reduction in need. In this regard, the Committee intends for USDA to develop a simple method for ascertaining when recipients are entitled to this prohibition against prorating the initial month's benefit.

Clothing allowances.—The food stamp benefits of 20,000 of West Virginia's most needy families were reduced last year when each child's annual $100 clothing voucher received under West Virginia's AFDC program began to be counted, pursuant to USDA instructions, as income in the Food Stamp Program. New Mexico and Massachusetts also provide clothing allowances. To address this concern, the Committee excludes from consideration as food stamp income special back-to-school clothing allowances that are provided, one time per year, to poor families with children. The Committee understands that, for administrative simplicity, States make these back-to-school clothing allowances available to all low-income children of a certain age and does not expect State agencies to require verification of school attendance.

Alternative method of issuance.—Several witnesses, including Catherine Bertini, Assistant Secretary for Food and Consumer Services, U.S. Department of Agriculture, testified in regards to electronic benefits transfer (EBT) and the results and concerns arising from demonstration projects.

An EBT system eliminates food coupons by providing recipients with a card with a magnetic strip encoded with their personal identification number to access their electronic food stamp account. When the recipient purchases groceries, the retailer passes the card through a point-of-sale terminal at the checkout lane. The exact amount of the purchase is immediately debited from the recipient's electronic food stamp account. USDA then reimburses the retailer for the food stamp sales via transfer of funds through the automated clearinghouse network.

This technology was originally tested in Reading, Pennsylvania, is currently being tested in Baltimore, Maryland, and will continue to be tested in several additional locations throughout the country. All of those participating in the Reading project, including recipients, retailers, the bank, and the State have high praise for the system. Based on this experience, the Committee believes that EBT has the potential to minimize the stigma that some eligible households perceive with public use of food coupons and deliver food stamp benefits more accurately and efficiently. Title XVII authorizes the Secretary to approve State agency requests to implement EBT and requires the Secretary to issue final regulations that establish standards to be followed in implementing such operational EBT systems no later than April 1992. Such systems will be required to be cost-effective, as determined under standard accounting procedures, including the amortization of capital costs.

To avoid any possibility of "food stamp only" lanes, either in fact or in practice, all necessary equipment must be provided in each checkout lane in stores participating in an EBT system. The Committee encourages cooperation among Federal agencies to develop systems that can deliver the benefits of several programs on the same electronic equipment with a single recipient card. This provision of Title XVII requires the Secretary to assure appropriate protections for recipients in several important areas, including the training of recipients and accommodations for recipients who, because of physical or mental handicaps or for other reasons are unable to operate the EBT system effectively. The Committee expects that recipients, by using EBT cards designed much like other bank or credit cards in general use, will experience less stigma than if food stamps are used.

Reduced paperwork for homeless households.—The homeless present particular challenges to the Food Stamp Program. This is a population that is often ill-equipped to deal with the complexity of the food stamp application process.

Homeless people with any income may live for part of each month in a cheap hotel or with acquaintances who may charge them rent by the day or the week, and they rarely get receipts for these expenses. Because such expenses are inherently difficult to predict, current rules prevent food stamp offices from giving these households shelter deductions. As a result, homeless people rarely receive any shelter deduction. Title XVII directs State agencies to certify homeless households on the basis of reported expenses for shelter except where the household's report is questionable. It also requires that USDA issue rules under which State agencies may develop standard estimates of how much homeless people in their jurisdictions typically spend on temporary shelter in the course of the month. At the State's option, the resulting estimate can be used to determine the shelter deduction for homeless households unless the household reports shelter expenses, that are not questionable, exceeding this level.

Promoting Self-Sufficiency

Child support.—Several witnesses recommended to the Committee that the first $50 that is collected under the child support enforcement program for recipients of Aid to Families with Dependent Children (AFDC) also receiving food stamps should be disregarded as food stamp income, as it is currently disregarded as AFDC income. This income disregard will not only benefit food stamp recipients but also allow AFDC and food stamp regulations to be the same. The Committee believes this concept should be extended to child support payments received by any food stamp household from any source. Therefore, the title contains a provision requiring the first $50 received each month by a family as child support be disregarded when calculating food stamp income.

Limitation on resources.—For a number of years, the Committee has heard recommendations to increase the value of the $4,500 vehicle exemption that has been in effect for over 10 years. The Committee believes that this increase is necessary. In Atlanta, Brenda Lovett, a food stamp applicant, testified she was denied food

stamps because of the value of a car she could not sell, could not eat and could not even make the payments on.

Under the Food Stamp Program rules, the value of some cars, such as taxicabs or cars needed to transport disabled persons, are not considered at all. The value of other cars is counted, based on the higher of the amount the fair market value exceeds $4,500 or the value of the equity of cars owned in excess of one car per household. The current $4,500 vehicle limit was established by the Food Stamp Act of 1977 and has not changed since, despite substantial inflation. The Consumer Price Index for cars has risen 120 percent since 1977. Had the $4,500 limit kept up with inflation, it would now be approximately $10,000. The President's Task Force on Food Assistance in January 1984 recommended that this limit be increased to $5,500 immediately.

The Committee includes in Title XVII a provision that raises, in annual increments, the current $4,500 limit on the fair market value of vehicles that food stamp recipients may own to $5,500 by 1995. After 1995, the limit is indexed to reflect inflation. This section also requires USDA to conduct demonstration projects to determine the effects of excluding one car for each food stamp household in certain circumstances. These projects should provide an opportunity to examine the impact of the vehicle rule on households' members' ability to get and keep jobs and on needy households' ability to obtain food assistance.

Employment and training allocations.—In establishing employment and training programs for food stamp recipients in the Food Security Act of 1985, the Committee required that the Secretary allocate Federal funds among the States to enable them to carry out these programs. Under this directive, the Secretary now distributes $60 million a year (80 percent of the required funding level) based on each State's share of the food stamp population and $15 million a year based on States' performance. The decision to allocate nonperformance funding on the basis of the distribution of the food stamp population was made because no adequate data on the food stamp work registrant population was available from the various States.

As a result of this allocation, the major portion of employment and training grants is being distributed inequitably in relation to each State's food stamp work registrant population, disadvantaging those states in which the food stamp population includes large numbers of work registrants and making it difficult for those states to provide work and training services.

Since USDA advises the Committee that adequate and consistent information on work registrants in each state is now available, the Committee includes in the title a provision specifying that nonperformance funding ($60 million a year) be allocated to the States, beginning in fiscal 1991, based on the work registrant population to be served under the program. In addition, the Committee has required that the Secretary allocate an additional $10 million for each year through fiscal 1995 to maintain current funding levels for those States who otherwise may lose funding because of the change in the allocation formula. The Committee feels that these provisions, along with the continued allocation of money based on states' performance, will result in a more equitable distribution of

Federal funds for employment and training activities, without reducing existing programs.

Although this formula change will result in a more equitable distribution of funds, it will provide a basic Federal grant of only approximately $20 per work registrant per year (based on fiscal 1989 data) if all work registrants were served under the program. This amount, without significant State supplementation or targeting work registrants to be served, may not be sufficient to provide meaningful services, especially in those States, such as Texas, that have large work registrant populations and whose economies do not permit adding State funding for employment and training program. Therefore, the Committee strongly urges the Secretary to provide the States maximum flexibility in targeting employment and training service in order that quality services can be provided in a cost-efficient manner in both urban and rural areas.

Helping low-income students achieve self-sufficiency.—The Committee believes low-income students who advance their educations have a far better chance of boosting their earning potential and becoming self-sufficient, and that pursuit of such education should be encouraged. Current food stamp law denies eligibility to post-secondary students who are physically and mentally able to work, and are between ages 18 and 60 years, unless they: are in a Job Training Partnership Act program or an AFDC employment and training program, are employed at least 20 hours a week, are in a work-study program, receive AFDC, or are parents of a child under six years of age. In some areas of the country, particularly in rural and economically depressed communities, part-time employment is very difficult to find, and otherwise needy students may be ineligible for food stamps due to the inability to secure a job for 20 hours per week.

Title XVII simplifies and clarifies current student rules and contains several provisions that remove certain restrictions on participation by otherwise eligible students. It allows low-income students to receive food stamp benefits while attending institutions of post-secondary education, if they are attending school under the Food Stamp Program employment and training program, under the Trade Adjustment Act, or under a state-operated employment and training program. Since these students have been determined to be otherwise eligible for benefits and the education program essential to their long-term self-sufficiency, the Committee believes they should be given food stamp benefits.

The title also contains a provision reducing from age 60 to age 50 the age at which students may receive food stamp benefits without fulfilling the other applicable requirements. Students over age 50 are likely to be displaced homemakers or other workers needing retraining for new jobs. The Committee believes they should not be denied food stamps while they seek additional training.

Otherwise eligible full time students who are single parents of a child under age 12 will no longer be required to work at least half-time to receive food stamps. This provision acknowledges the time constraints the work requirement puts on single parents of young children, and the Committee wishes to provide a means whereby these parents can attend school and thereby enhance their opportunities for attaining self-sufficiency.

The Committee has heard from State agencies and students asking for simplicity in the rules for counting education benefits as food stamp income. The title, therefore, contains a provision that applies the rules that determine how Federal grants are counted to all other forms of education income.

Families in transitional housing.—Title XVII requires that, in certain instances, a portion of benefits paid through the Aid to Families with Dependent Children (AFDC) program be disregarded in determining food stamp eligibility and benefits. The exclusion will be equal to half the amount designated by the state as its AFDC maximum shelter allowance, but it will be applied only to regular AFDC assistance that is provided in the form of housing assistance payments made to third parties on behalf of AFDC families in transitional housing for the homeless.

Housing assistance payments made to third parties ("vendor payments") under the AFDC program on behalf of families in transitional housing for the homeless are disregarded as income for food stamp purposes to the extent they *exceed* that part of an AFDC grant designated for shelter expenses because they are not "'in lieu of a regular benefit payable to the household for living expenses" in the AFDC program. Under current law and regulations, all vendor payments on behalf of AFDC families that represent an amount in excess of a normal AFDC grant are excluded.

This amendment requires an *additional* disregard equal to *half* the amount of the designated AFDC shelter allowance when paid on behalf of AFDC families in transitional housing for the homeless. It replaces an existing provision of law, scheduled to expire on September 30, 1990, that requires the *entire* amount of the designated AFDC shelter allowance be disregarded when paid to a third party on behalf of a homeless family in temporary housing lacking food preparation and storage facilities (AFDC families living in so-called "welfare hotels").

For several years, the Food Stamp Program has granted added benefits to AFDC families living in welfare hotels—by disregarding as income any benefits paid in excess of a regular AFDC grant, and by disregarding the designated shelter allowance portion of the AFDC grant when it is paid to a housing provider rather than to the family. This treatment was established in recognition of their special needs, primarily the lack of food preparation storage, and shopping facilities adequate to make full use of food stamp benefits. Without this treatment, many homeless households would have been completely ineligible for food stamps and other homeless households would have had their benefits sharply reduced. The provision was time-limited in expectation that these families would be moved to more permanent and appropriate living arrangements and so as not to provide an incentive to keep them in homeless hotels indefinitely. It was extended for one year, however, despite the poor conditions of welfare hotels in which families with children were placed.

Some State and local authorities now are beginning to move homeless AFDC families into permanent housing through the use of "transitional housing" arrangements that provide both improved housing and supportive services for homeless families. The Committee's provision is intended to encourage and support these ef-

forts to place homeless AFDC families in independent housing through transitional housing programs by providing a more limited version of the special treatment previously provided for those in homeless hotels—increased food stamp benefits for those living in transitional housing achieved by a disregard of half the AFDC shelter allowance amount.

The Committee understands transitional housing means a project that has as its purpose facilitating the movement of homeless individuals to independent living within 24 months (or a longer period if necessary to facilitate the transition to independent living). Transitional housing includes housing primarily designed to serve deinstitutionalized individuals and other homeless individuals with mental disabilities, and homeless families with children. In addition, the Committee intends that regulations implementing the amendment provide that, in calculating any excess shelter expense deduction for the affected families, the Secretary will apply the long-standing policy of not granting a deduction for expenses paid out of income that is excluded as a reimbursement or vendor payment.

Simplifying Program Administration

The Committee has heard innumerable pleas on behalf of recipients and program administrators to simplify the Food Stamp Program. The Committee acknowledges the great need to simplify Federal benefit programs, and title XVII takes a number of steps in that direction.

Relatives living together.—One of the areas that is both cumbersome and leads to errors is the definition of the household. The process of determining who comprises a food stamp household can be expedited greatly if the rules are simplified. Current law requires, subject to several exceptions, that parents and their adult children, and adult siblings, be deemed to be in the same household even if they purchase and prepare food separately. The Committee has been aware of this concern for some time and simplifies the definition of household so that persons purchasing and preparing food together must apply for food stamps as a single household. Under this provision adults who buy and cook food on their own can do so as separate households from relatives with whom they live. For example, when two sisters who had previously lived on their own move into the same apartment because they cannot afford separate housing, either can apply for food stamps independently if they buy and cook food separately. This definition still requires spouses as well as parents and their minor children to be in the same household for food stamp purposes if they live together.

Simplifying resource and eligibility determinations.—The purpose of the program's resource rules is to limit food stamps to those who really need them. They ensure that the Federal Government does not provide food assistance to households with substantial resources. This purpose obviously is not served when the resource cannot, in fact, be sold. A particularly serious problem that has been brought to the Committee's attention is that of "heir property." In rural areas, especially the South, heirs may receive undivided fractional interests in the decedent's homestead.

At present, however, property of this kind poses significant problems for both administrators of the Food Stamp Program and households. Food stamp administrators may feel compelled to seek verification that the household's interest in the property has no fair market value. The food stamp administrators may be faced with questions of state property and probate law.

Title XVII remedies this problem by requiring states to establish standards for excluding property that, as a practical matter, cannot be sold. States may consult with whatever legal or other experts can provide the best general guidance in identifying types of resources that are unlikely to produce a significant cash return, after sales and legal charges. The Committee expects USDA to promulgate regulations to ensure that states' standards are clear and that, to the extent practicable, they are uniform throughout the state. States may not be required to submit their standards for individual approval.

This title contains a provision that exempts from consideration as a resource under the Food Stamp Program any resource of a household member that the AFDC or SSI programs have already determined to be exempt. Allowing food stamp workers to disregard resources that AFDC and SSI rules disregard should simplify the eligibility determination process significantly.

Categorical eligibility for recipients of state general assistance.—Recipients of State general assistance programs are typically the poorest of the poor, and are usually eligible for participation in the Food Stamp Program. The Committee believes that such recipients, like AFDC and SSI recipients, should be categorically eligible for food stamp benefits, and includes in this title a provision establishing that policy. To ensure that a State general assistance program is indeed a true means-tested program, USDA is required to certify that the program serves a population appropriate for categorical eligibility. Once the Secretary has determined that a State's general assistance programs are indeed needs-based and serves a population appropriate for food stamp categorical eligibility, the State agency will not be required to submit additional material on the program to USDA unless the character of the program is changed.

State flexibility in budgeting methods.—In response to the requests of many State agencies over the last year, the Committee includes in Title XVII a provision that permits the use of retrospective budgeting for any household except for those containing migrant and seasonal farmworkers, or homeless, elderly or disabled members.

State agencies determine food stamp income in two ways. Under prospective budgeting, a household's food stamp allotment for a month is based on its expected income for the same month. Under retrospective budgeting, a household's allotment for a month is based on its income and deductions for a month one or two months earlier. Many State food stamp administrators prefer retrospective budgeting because it gives them more time to adjust a household's food stamp allotment to reflect changes in income and deductions.

The Hunger Prevention Act of 1988 allowed State agencies to drop monthly reporting for all households and prohibited it for homeless households. It also required State agencies to retrospectively budget all monthly reporting households and required pro-

spective budgeting for all non-monthly reporting households. This provision meant that State agencies that wanted to reduce paperwork by cutting back on monthly reporting were unable to do retrospective budgeting.

To permit State agencies the flexibility they want, the Committee has included in Title XVII a provision that gives states the option to retrospectively budget all households except for those containing migrant or seasonal farmworkers, or a homeless member and most elderly and disabled households. To protect households that may be hurt by retrospective budgeting, the Committee includes in that provision a requirement that households so budgeted would have their food stamp allotment adjusted under a more prompt schedule when they would face a severe hardship if they were forced to wait longer for their benefits. In addition, homeless households may not be made to come in to reapply more than once every three months, and State agencies may not count two months' public assistance, general assistance, or SSI against one month's food stamps.

Simplified application signing requirements.—The Committee adopts an Administration proposal that allows one household member to sign all declarations required in the application process. The Committee believes this provision will be particularly welcomed by recipients in rural communities, where transportation to food stamp offices is often more costly and difficult and obtaining multiple signatures can be a substantial burden on low-income households.

Enhanced waiver authority for demonstration projects.—State agencies are concerned about the differences between the AFDC JOBS program and the employment and training (E&T) program of the Food Stamp Program. The Committee shares this concern, and includes in the title a provision that provides new demonstration project authority covering projects in which USDA will test conforming the two programs.

Under this authority, USDA is permitted to operate these demonstration projects in up to 60 project areas. Authority is provided to cover this many project areas in order to obtain results that are nationally representative. These areas should be broadly representative of the Food Stamp Program, including urban, rural, and suburban areas and large and small areas. USDA will use project boundaries in effect at the time of enactment of this legislation. It is not intended that project areas now separated be grouped together into new, larger project areas in order to extend the scope of the demonstration. USDA may elect in some of these areas to operate the demonstration project in part rather than in all of the project area. USDA may elect to include in the pilot some, rather than all, food stamp employment and training participants in these areas. The provision of employment and training services in the project areas will continue to be funded through the food stamp employment and training program in accordance with those funding procedures. The JOBS matching rates, and JOBS target group and participation rate rules affecting federal matching rates, will not apply to food stamp participants enrolled in these pilots.

AFDC/food stamp simplification.—Both the Food Stamp Program and the AFDC program are designed to serve needy families.

However, the rules and regulations differ to a great degree, providing confusion and inefficiency for both administrators and participants alike. The Committee is concerned the differences in the various federal welfare programs cause problems for both recipients and administrators. Title XVII contains several provisions addressing these concerns.

One provision requires a total of five demonstration projects, divided between urban and rural areas, to begin the process of testing how food stamp rules can be simplified and coordinated with those of the AFDC program. The purpose is to ease burdens on both administrators and recipients when the same household is eligible for both benefits. The amendment establishes a basic framework for approving variations from current rules for issuing food stamps to households composed entirely of AFDC recipients. It is not intended to reduce benefits for AFDC households. It is time to provide another step toward coordinating and simplifying what happens inside the public assistance office—the procedures and rules, the forms, and calculations.

First, AFDC families who are, under current law, categorically eligible for food stamps will receive food stamp benefits automatically, without the necessity of any special application procedures or forms, other than supplying the limited information not already collected by the public assistance office. Typically, this means providing information on shelter expenses. This goes one step beyond the current requirement for a "joint application" process.

Second, some basic Food Stamp Program rules aimed at protecting applicants and recipients are retained. They include the requirement for issuing benefits within 30 days of application (or "expedited service" within five days in cases of special need), and requirements for bilingual materials and personnel and special treatment for the homeless and migrant and seasonal farmworkers. Families losing eligibility for AFDC would be ensured uninterrupted food stamps, if eligible.

Third, AFDC administrative rules, including how to count income and income verification procedures, can be used in determining food stamp benefits to the extent asked for by the agency requesting to operate an AFDC/food stamp simplification pilot project—so long as they did not reduce food stamp benefits that are otherwise available. Certain types of income, now counted as income in the AFDC program, but not for food stamps, would continue to go uncounted—e.g., so-called "lump-sum" payments.

In the most limited case, public assistance agencies can continue to calculate food stamp benefits exactly as they do now. For them and their recipients, the benefit of a simplification and coordination pilot project would consist of streamlining administrative rules and procedures, e.g., fewer forms and redundant questions, and standard verification procedures.

In other cases, public assistance agencies also might ask for, and USDA can approve, variations from food stamp benefit determination rules. For example, food stamp benefits can be calculated by using the AFDC benefit plus the amount of other income that the AFDC program counts in determining its benefit, less the food stamp "shelter expense" deduction (because the AFDC program has no counterpart)—as opposed to going through an entirely sepa-

rate determination as to what should be counted as "food stamp" income.

The AFDC/food stamp simplification projects can allow public assistance agencies to experiment with streamlining application for and delivery of food stamp and AFDC benefits to the same household, while ensuring food stamp benefits are not reduced as a result.

Commission on coordination of family support and food stamp policies.—Title XVII contains two provisions that should provide additional information and recommendations on simplification. The title establishes a commission to seek ways to better coordinate AFDC and food stamp policies and regulations and to reduce barriers in both programs. This commission will assume continuation of current programs without dramatic changes and recommend ways to make them more compatible.

Welfare simplification and coordination advisory committee.—One of the reasons cited for not participating in the Food Stamp Program is the complex nature of that program and other assistance programs. Raymond Scheppach, representing the National Governors' Association, recommended that Congress establish a commission to examine the interrelationship between AFDC, food stamps, and other assistance programs.

This concept has been referred to as one-stop-shopping. The Federal Government operates a multitude of assistance programs which are under the jurisdiction of several different agencies of the government, and in some cases, different state and local agencies. Some of this disparity is appropriate because of the nature of the different programs. However, for major income and food assistance programs this lack of coordination and resolution of the differences among programs is extremely troublesome.

The Committee believes it is appropriate to formulate a special welfare simplification and coordination advisory committee, with members appointed by the Secretary of Agriculture, after consultation with the Secretaries of Health and Human Services and Housing and Urban Development. Members of the advisory committee are expected to be experts in the fields of public assistance programs, including food stamps, AFDC, medical assistance and housing programs, and have demonstrated expertise in evaluating the operations of these programs and the interaction of the programs with one another. Representatives of State and local administrators and recipients are to be included on the advisory committee.

The Committee expects that the advisory committee will make recommendations to the Congress and the executive agencies concerning common and simplified programs that enable participants to receive the benefits for which they are eligible and administrators to operate programs in an efficient, effective and coordinated manner. True reform of the system of providing assistance to needy families means delivery of benefits to needy people through a coordinated and simplified program, including providing employment and training to able-bodied participants. Hunger in rural America

This Committee works with people from rural communities, with farmers who strive to provide nutritious food for the people of our country and the world. Yet, in some rural areas, 30 to 40 percent of the people live in poverty and face hunger on a regular basis. Pov-

erty has grown faster in rural areas than in urban areas, with one out of every six rural Americans living below the poverty line, compared with one out of every eight in metropolitan areas. One out of four children in rural America is poor. There are almost 10 million people living in poverty in rural America.

However, according to the most recent data from the Census Bureau, in 1986 only 44 percent of the rural poor participated in the Food Stamp Program. Charlie Mae Dean, a food stamp recipient from Fort Valley, Georgia testified that low-income people living in rural areas frequently have no way to get to the food stamp office to apply for benefits because they do not have a car or the money to pay someone to transport them. There are many counties in Georgia that mail food stamps to their clients, but in Fort Valley, recipients must travel to the courthouse to pick up their stamps. Ms. Dean stated that one woman told her that it often takes four to five days before she can use her stamps because she lives out of town and has to wait for someone to take her to pick them up.

Simplified issuance procedures in rural areas.—Recognizing these concerns, the Committee includes provisions in title XVII to make the Food Stamp Program more responsive to the needs of the rural poor. One provision requires State agencies to designate areas in which low-income persons face substantial transportation difficulties. In these designated areas, States must issue food stamps by mail as a general rule.

Procedures for issuing aggregate allotments.—Another provision allows State agencies to give households, with benefits at or near the monthly minimum, the option of receiving two or three months benefits at one time so that they do not have to go to the issuance office each month. This provision should have the dual benefit of making it easier for recipients to receive their food stamps and saving administrative costs by allowing State agencies to make one issuance instead of two or three.

Vehicles necessary to carry fuel or water.—A third provision exempts from consideration as a resource any vehicle that a household depends on to haul its primary source of fuel or water. In places that still are not served by water mains, households may have to haul drums of water for long distances, and often over rough terrain. Other rural households may have to haul firewood or coal to their homes for heat. The heavy duty trucks that many of these households own for this purpose tend to have fair market values in excess of the limits on the value of a vehicle.

Promoting access for the elderly and disabled

Flexibility for state informational activities.—As a group, the elderly have a very low participation rate in the Food Stamp Program. It has been suggested that more effective outreach activities would encourage the eligible elderly to participate.

The Committee believes outreach is needed to inform all persons, including elderly persons, of their possible food stamp eligibility and to assist them in completing application forms. One provision of title XVII encourages flexibility for States' outreach activities by allowing States to assist households with the application process. Pre-screening and counseling activities may be among the more ef-

fective methods of outreach to eligible non-participants. Under this provision, State costs for these activities are funded at the 50-percent reimbursement rate used to fund other outreach activities. Without this provision, States are required to fully fund these additional outreach methods.

Grants to improve food stamp participation—Outreach is especially important to inform non-English speaking minorities, the elderly, the homeless, low-income working families, and residents of rural areas. The Committee includes in title XVII a section authorizing the Secretary of Agriculture to fund food stamp outreach demonstration projects to increase program participation of members of these groups. From fiscal 1992 through fiscal 1995, the Secretary is required to award $5 million in grants on a competitive basis to public and private non-profit organizations to conduct these demonstration projects. In order to determine the lack of participation from these groups, and to evaluate the effectiveness of such projects, the Secretary is required to submit to Congress a study reporting on the outreach projects. The Committee also is interested in the development of outreach materials aimed at the general food stamp eligible population. One grant is required to be awarded on a 50-percent matching basis to a non-profit organization for the purpose of developing such material.

The Committee includes in the title the authority for the Secretary to offer, in fiscal 1991, up to $1 million for special grants to non-profit groups to improve the effectiveness of the program in delivering food assistance to homeless people. The Committee is concerned few homeless persons participate in the program, although most, if not all, are eligible for program benefits. The Committee intends that these demonstration projects will develop methods to effectively reach out to this homeless population.

Simplified procedure for claiming excess medical deduction.—In an attempt to minimize the complexity of verification of medical deductions for elderly and disabled persons, the Committee includes in the title a provision that clarifies the procedure to be used for claiming the excess medical deduction for predictable medical costs. State agencies are required to estimate recipients' medical expenses for the certification period based upon verified costs for the past few months. The household's medical deduction would then be based on these estimates unless the recipient experienced a significant change. Under this procedure, households do not have to file reports unless there is a significant unanticipated change in medical expenses. Deductions would automatically be provided in the months the household was expected to incur the costs, without further verification being required.

Program Administration by State Agencies

Quality control sanctions.—The Committee includes in title XVII a provision that waives food stamp quality control sanctions against States from fiscal 1982 through fiscal 1990. This provision is consistent with the waiver of AFDC quality control sanctions enacted last year. The sanctions were imposed at a time when error rate targets were too low, and the Congressional Budget Office (CBO) has determined that more than half will never be collected.

The Committee's action reflects its concerns about the flaws and inequities in the past quality control system prior to the redesign of food stamp quality control in the Hunger Prevention Act of 1988. It believes waiving the backlog of sanctions will provide States with the fiscal relief necessary to permit them to focus on the present and future administration of the Food Stamp Program.

During the Committee's hearings on the reauthorization of the Food Stamp Program, a number of State representatives requested that the States' right to appeal denials of quality control sanction waivers by the Secretary be reinstated. The Hunger Prevention Act of 1988 improved the efficiency of food stamp quality control and instituted a new administrative and judicial review system effective with the fiscal 1986 sanctions.

As yet, the USDA has not issued proposed regulations to implement these provisions of the 1988 Act. The Committee is concerned that USDA has not issued these regulations. For this and other reasons, the Committee directs the Secretary to propose and issue such regulations that will allow the appeals process to be operated in a fair and reasonable manner. The Committee will continue to exercise oversight in this area to ensure that the Secretary and the States are acting in good faith in dealing with requests for reductions in quality control sanctions.

In addition, the Committee expects the Secretary to report, as provided in the 1988 Act, on how to include underissuances caused by improper denials or terminations of benefits into quality control error rate computations.

Food stamp automation.—The Committee believes that well-designed highly automated systems can have a significant positive effect on recipient services, provide an efficient means of caseload management, and reduce error rates. Particularly effective in all of these areas are those systems that integrate a number of benefits programs. By assisting caseworkers to manage their caseloads more efficiently, automated systems will allow them to spend more time addressing the needs of participants in the Food Stamp Program. Current systems are not doing what is most needed, and the Committee believes States should develop more effective systems. The Committee includes in Title XVII a section that requires USDA to develop standards that State agencies must meet in their automated systems. The Committee expects that these standards will be consistent with standards imposed by other Federal agencies for the automated systems used by States in administering other Federal benefits programs. It is the desire of the Committee that States develop automated systems encompassing as many benefits programs as possible, thereby minimizing the burden on recipients who now must visit several offices to obtain all the benefits for which they are eligible. Integrated systems will also lessen the administrative burden on caseworkers and administrators.

The Committee wishes to make clear that automated systems should be designed so that they improve, rather than detract from, services provided to households. For example, automation should not be an occasion for reducing the quality of notices given to households, for making it more difficult for households and their representatives to have access to information that is currently maintained in case files, or for delaying action on applications, re-

certifications, or reported changes. Households should retain the right to initiate the application process by signing and submitting a simple form to the food stamp office, and current procedures for out-of-office interviews and mailed applications should remain in full force. To prevent errors where households are asked to sign computer print-outs of answers they have given during interviews, the household should be given adequate time to check the document for errors before signing and should be given a copy of whatever they sign so they can recheck it later, with the help of friends or family members, if necessary.

The Committee wishes to encourage States to develop truly effective and cost-efficient automated systems and, therefore, provides enhanced funding for operational costs of automated systems for States operating a significantly more effective and efficient program. USDA is expected to continue the 75-percent funding rate to States for developmental costs resulting from imposition of the new standards.

Program Integrity

The Food Stamp Program is a vital and necessary program, providing almost $17 billion in fiscal 1990 in food assistance to needy individuals and families. It is this country's largest program for food assistance, serving an average of 20 million people each month and over 30 million people over the course of a year. It is essential the program operate effectively and efficiently, so that food assistance is received by only those families determined to be eligible for benefits. Whenever the program rules are violated, needy families are deprived of benefits and the integrity of the Food Stamp Program is diminished.

The Committee believes it is essential to maintain the integrity of the Food Stamp Program and has taken steps to ensure that, through all phases of the program, from benefit determination to redemption of the food stamps themselves, the program is crafted to protect the program and institute penalties when program violations and trafficking take place. Program accountability is strengthened and retailers violating program rules are assessed new and tougher penalties. Those who traffic in food stamps, which is the sale of food stamps for cash or non-food items, are penalized.

Food stamp trafficking and the use of food stamps as a second currency have received increased attention due to the use of food stamps in drug transactions. An increasing number of investigations of USDA's Office of Inspector General and other Federal, State and local law enforcement agencies have identified individuals and retail food stores accepting food stamps in exchange for illegal drugs. The retailer is the key to the redemption of food stamps and the Committee has taken action to ensure that adequate controls are in place to address the problems of food stamp trafficking. Penalties are increased and those retailers found to be guilty of purchasing illegal drugs, firearms, or explosives with food stamps will be permanently disqualified from participation in the program.

Authorizing food stores is an integral part of ensuring the integrity of the program. Social security numbers and taxpayer identification numbers will provide USDA with the necessary tools. Par-

ticipation in the Food Stamp Program is limited to those wholesale/retail food stores doing a substantial level of retail food business. In addition, USDA is authorized to institute a system to reauthorize retailers every two years. USDA can develop a profile of the types of stores trafficking in food stamps and can rely upon other stores, which have instituted programs to combat trafficking, to assist them. Approximately 15 percent of the retail food stores handle 75 percent of the food stamp business. These are large stores, many of them parts of chains of grocery stores, which have successful programs to eliminate trafficking. They can serve as a valuable resource to USDA in developing such a profile of stores likely to be involved in food stamp trafficking.

With the addition of the section on alternative methods of issuance, specifically the use of electronic benefits transfer systems, the Committee wants to ensure that penalties are in place for the unauthorized use of devices used to access these electronic systems.

The Food Stamp Act provides for a strict system in which retailers and wholesalers are penalized or disqualified for violations of the provisions of the program. These are stringent rules, adopted and expanded to ensure the integrity of the program. However, the Committee is aware at times there are inadvertent errors that take place on the part of retailers and wholesalers or that employees may not follow the applicable rules of the store, designed to adhere to the food stamp regulations. USDA is provided the authority to issue warning letters so that violations or potential violations are brought to the attention of the appropriate officials of the store as a type of early warning system.

Commodity Distribution Programs

TEFAP commodity availability.—The Committee recognizes the integral part the commodity distribution programs play in the provision of food assistance to needy families and how much the people receiving the assistance rely on the commodities they receive. When the amount and types of commodities began to phase down in 1988 due to the reduction of the level of surplus commodities, especially cheese, the Committee responded with the addition of the purchase of commodities authorized through the Hunger Prevention Act of 1988, such as raisins, canned beans and pork, and peanut butter. However, the loss of cheese distributed through The Emergency Food Assistance Program (TEFAP) has been an especially troublesome issue. Cheese has been a very popular item with recipients and while the surplus has been reduced, the Committee wants to make sure recipients of TEFAP can receive an amount of this popular item when it is held in surplus by the Commodity Credit Corporation. Surpluses may be available on an irregular or seasonable basis and the Committee believes TEFAP, a program for needy families and individuals, is an appropriate program to receive these surplus commodities, even when they cannot be received regularly throughout the year.

Agencies administering TEFAP must document the eligibility of those participating in the program. TEFAP is designed to help only needy people. However, at times the burden of verifying income eligibility of individual participants is severe, especially when the agency administering the program serves large numbers of low-

income people. Therefore, the Secretary is provided with the authority to waive specific eligibility verification for those recipient agencies serving predominately low-income people, if such action reduces administrative burdens and ensures program integrity.

Distribution of milk.—The Committee believes some amount of nonfat dry milk, when available from CCC surplus stocks, should be provided to organizations feeding needy people. The quantity of milk will vary with the available inventory of CCC products. Organizations such as food banks, pantries, and soup kitchens had been receiving cheese and nonfat dry milk until the surpluses were no longer available. Many have expressed the desire to receive milk in order to serve women and children coming in for food and meals.

Food bank projects.—The Charitable Assistance and Food Bank Act (P.L. 100-232) and the Commodity Distribution Reform Act (P.L.100-237) established food bank demonstration projects to test the feasibility of distributing Section 32 surplus removal commodities as a way of increasing the variety of commodities made available to food banks and the people they serve. Three sites were selected and over three million pounds of Section 32 commodities, valued at $2 million, were distributed during the period of August 1988 through August 1989. Commodities distributed included canned beef, apple juice, dried prunes, and egg mix. The surplus acquisitions of USDA have decreased and future distribution to the demonstration sites will depend on commodity market conditions, according to the USDA.

Nevertheless, even with the irregular distribution levels, the three food banks demonstration sites have accommodated the commodities made available and distributed them to needy families. The food banks were clearly able to absorb the commodities into the normal operations and validate the premise of the demonstration projects. The Committee continues this provision and expects the projects to continue. In addition, the Secretary is required to submit reports every two years on these and any other projects, including recommendations regarding improvements in and expansion of the provision and redistribution of commodities. While no redistribution of Section 32 commodities has occurred, the Secretary is expected to continue to explore this as a source of additional commodities for community food banks.

Authorizing a CSFP for the elderly.—For over 20 years the Commodity Supplemental Food Program (CSFP) has provided food to supplement the diets of needy low-income women, infants, and children. Since 1981, a limited number of elderly persons also have been served by this program. Currently, there are three pilot projects operating solely for elderly participants located in Polk County, Iowa; Detroit, Michigan; and New Orleans, Louisiana.

Since 1985, regular CSFP operators have been able to convert some of their caseload to service for the elderly if they have funds remaining after serving all eligible mothers and children. A total of 40 project areas in 19 States and the District of Columbia participate in CSFP and service to the elderly is available in 11 States and the District of Columbia. In 1989 a total of 240,000 participants were served by the program, 90,000 of whom were elderly.

Agencies operating CSFPs have repeatedly indicated the growing need for service to the elderly and the difficulty they have in con-

verting their caseload to elderly service because of USDA regulatory restrictions on conversion. These regulations use statewide rather than project area data to determine when all potentially eligible mothers and children are being served by the program, and thus when conversions to elderly service can be made. This has somewhat undermined the Congressional intent of the 1985 law, which was to make CSFP benefits available to the elderly when this does not interfere with a local project's service to mothers and children in their area.

The Committee recognizes that under current law, CSFP's primary purpose is to serve mothers and children and that precautions are necessary to assure that local projects serve these population groups before offering service to the elderly. However, the Committee is concerned about the needs of many low-income, elderly Americans who might be served by local CSFP projects. In the Committee's view, local CSFP operators are in the best position to determine the needs of their local communities and should not be forced to turn back unspent project funds for use in other States when they have served all low-income women and children and when there are low-income elderly in their project area who have need of the program's benefits.

While the Committee does not change existing priority for women and children under the existing CSFP program, the Committee does wish to address the needs of the elderly. Title XVII includes a provision authorizing a new and separate CSFP for the elderly that, when funded, will permit existing projects to serve additional elderly persons, as well as new projects to operate CSFPs solely for elderly recipients. This provision does not affect the existing law provisions permitting regular CSFPs to convert caseload to elderly service when sufficient funds and USDA conditions permit this, nor does it affect the existing provisions for elderly pilot projects.

The Committee is concerned by reports that new program operators in those States already offering CSFP are unable to protect caseload assignments through an additional caseload authorization cycle in the same fashion as new state programs can. This results in the likelihood that some new program operators must fully utilize the authorized caseload in a very short period of time, which is difficult to do, or lose the authorized caseload. The Committee expects USDA to develop a revised method of caseload authorization that affords the same protection for program operators on a site specific basis, that USDA provides on a state-wide basis.

Increasing CSFP administrative funding.—CSFP currently provides for administrative funding equal to 15 percent of the amounts appropriated and 15 percent of the value of the donated commodities (at a wholesale price) distributed as supplements to the food items in the CSFP food package. The level of administrative funding is allocated in proportion to the level of the caseload each state is assigned. Administrators of CSFP are public or private non-profit agencies in need of administrative funding. They receive a small amount of commodities, serve a small number of people and, therefore, cannot provide the economies of scale that larger institutional outlets, such as schools, can provide. The Women, Infants, and Children (WIC) program operates with a 20-percent administrative

reimbursement. CSFP administrators have indicated the need for additional level of administrative funding due to increased costs of warehousing and equipment for CSFP. The Committee has provided an increase in administrative reimbursement for CSFP. Administrative reimbursement for the donated commodities remains unchanged.

Advance funding for state option contracts.—The Committee has provided the Secretary with the authority to use the funds of the CCC and the funds appropriated for the Section 32 commodity program to advance to States to pay for the processing and packaging of commodities. Many schools want to acquire commodities in a more highly processed form so that their administrative and labor costs are reduced. However, providing the more highly-processed commodities reduces the level of agricultural support that USDA can provide. Therefore, USDA provides for State option contracts, through which USDA purchases the processed commodities and the States pay for the costs of processing commodities. For example, USDA will purchase chicken nuggets and the States pay for the costs of processing the chicken into nuggets. However, some States are unable to pay the processing costs within seven days of receipt of the product, as is currently required. Therefore, the Committee provides USDA with the authority to pay for the processing costs, in advance, from CCC or Section 32 funds, and be reimbursed by the States.

Commodity assistance for infants and children.—USDA currently provides surplus commodities to charitable institutions, many of which serve needy children. The Committee believes it is essential that hospitals serving infants and children, including those hospitals with boarder babies, receive these surplus commodities. The commodities themselves may not be the appropriate food for these babies; nevertheless, the provision of commodities will enable these hospitals to allocate funds, otherwise spent on similar staple foods, for food to feed the infants and children.

Tight budgets require us to be as resourceful as possible so Federal monies for feeding will go as far as possible. Developing and administering innovative nontraditional programs which provide nutritional food to people in need, especially in emergency situations, will help in this effort. The Committee urges USDA to give serious consideration to proposals from nonprofit organizations and others which utilize private funds to process and distribute through private food banks, CCC-held commodities. These efforts should have sufficient guarantees to assure that these commodities do not compete with private sales of food commodities. As an example, a private, nonprofit organization, such as Tri-Valley Opportunity Council of Minnesota, provides a host of essential food items to organizations feeding needy people. Tri-Valley and similar organizations should receive consideration from USDA for proposals to increase the level of food available for needy people.

Reauthorization of Programs

Food Stamp Program.—In a departure from the annual, fixed authorizations of the Food Stamp Program of the last 13 years, the Committee authorizes such sums as are necessary for fiscal 1991 through fiscal 1995. This uncapped reauthorization is intended to

streamline the supplemental appropriations process in the event of higher program costs due to unanticipated changes in legislation, program participation, or food price inflation.

Temporary Emergency Food Assistance Program.—The Committee believes TEFAP, including both the distribution of surplus commodities and the commodities purchased for the program as required by the Hunger Prevention Act of 1988, is a necessary and worthwhile program that must continue in an expanded form. The need for an expansion in TEFAP is evident by the response of communities across the United States that both provide the means by which commodities can be distributed and supplement the commodities through private sources. There is no question commodities distributed through TEFAP have been reduced. According to reports of USDA, the value of commodities distributed through TEFAP went from an all-time high in 1984 of over $1 billion to an estimated value of $220 million in 1990. During the 1983-through-1987 period the value of commodities distributed ranged between $850 million and $1 billion per year.

The Committee provides for a modest expansion of TEFAP by increasing the level of purchases of commodities from $120 million to $175 million for 1991 and $190 million for 1992.

Section 203C(a) of the Temporary Emergency Food Assistance Act of 1983 requires the Secretary of Agriculture to submit to Congress each year a report as to whether and to what extent commodities made available under the Act displace normal commercial sales of such commodities or the products thereof. USDA has proposed that the requirement for this annual report be deleted from the Act as reauthorized. The Committee believes the annual report can serve a valuable function in assisting the Committee to monitor the impact of the distribution of government-owned commodities on normal commercial sales. Accordingly, the reporting requirement will be maintained.

Furthermore, the Committee directs the Secretary, in addition to reporting on the fact of displacement, to include in the annual report to Congress an analysis of the ways in which the manner and methods by which a commodity has been distributed in the past might be adjusted by the Secretary, utilizing existing authority, in future distributions to avoid or minimize the reoccurrence of displacement of commercial sales of that commodity. The Secretary should examine what the impact would have been, on both commercial sales and commodity recipients, had the same overall quantity of commodities been distributed differently, for example, in different sized packages and containers or at different times. In conducting the analysis, the Secretary should consult with affected industry representatives and other interested parties.

Soup kitchens and food banks.—The Committee continues the requirement to provide $32 million to be used by the Secretary to purchase and distribute commodities to soup kitchens and food banks. The Hunger Prevention Act of 1988 initiated this program aimed at providing commodities specifically for homeless persons. The objective of this provision is to target nutrition assistance to the homeless.

Commodity Supplemental Food Program and other food donation programs.—The commodity supplemental food program is recog-

nized as a vital program serving women, infants and children and elderly persons through the distribution of commodities and provision of nutrition education. This is particularly true of the Commodity Supplemental Food Program. The Committee reauthorizes CSFP through 1995 and retains the provision that will ensure that CSFP will receive at least seven million pounds of surplus cheese, as acquired by the CCC.

The Food Distribution Program on Indian Reservations is reauthorized through 1995.

Nutrition assistance program for Puerto Rico.—From 1974 through 1982, Puerto Ricans participated in the Food Stamp Program. In 1982, the Food Stamp Program was eliminated in Puerto Rico and replaced with a block grant. From 1982 to 1986 this block grant was frozen at $825 million. Each year since 1986, the block grant has been authorized at increasing levels, and for fiscal 1990 the authorization is $936,750,000. The Committee believes funding for Puerto Rico's block grant should be increased, and the title provides for some increased funding over and above that required to keep pace with inflation. The title also provides for the Comptroller of the United States to study and report to Congress on the nutritional needs of Puerto Ricans, the adequacy of the nutritional levels, the incidence of inadequate nutrition among children and the elderly, and the nutritional impact of restoring the traditional level of nutritional assistance to Puerto Rico. The title declares as Congressional policy that the U.S. citizens of Puerto Rico should be safeguarded against hunger on an equitable and fair basis with other citizens under Federal nutrition programs.

Miscellaneous

Gleaning assistance.—The Committee encourages activities such as the Texas Department of Agriculture's Agriculture Surplus Program. The idea came from an increasing number of requests from food banks, local food distribution agencies, and local governments for aid because their food resources were low. The project involves identifying agricultural surpluses, removing barriers for farmers to open their fields for gleaning, and recruiting volunteers to move the food. To encourage gleaning activities throughout the country, the Committee includes a provision establishing a National Gleaning Clearinghouse. The Secretary is authorized to encourage organizations interested in gleaning activities by collecting and providing information on unharvested agricultural products, by operating a toll-free telephone line to coordinate gleaning activities, and by advertising the services of the Clearinghouse.

Nutrition education amendments.—The effective use of food stamps depends on the food choices and the money management skills of recipients of the program. But food stamp recipients may not have easy access to nutrition education. The Committee wishes to ensure that recipients of USDA food assistance programs who want to maximize their food dollars and improve their diets can receive nutrition information and have access to instructional programs. Improvements in diet can promote health, lower infant mortality, and save public health dollars by helping people use available resources wisely.

USDA's Food and Nutrition Service (FNS), as the agency responsible for administering the food assistance programs, has developed, along with USDA's Human Nutrition Information Service (HNIS), nutrition education materials for recipients of these programs. Because FNS does not operate directly at the state or local level, the Committee expects that responsibility for nutrition education of Food Stamp Program participants at the community level will be assigned to the Extension Service. The Extension Service will cooperate with FNS and HNIS in providing this nutrition education. Nutrition education efforts could include dissemination of written materials, use of videos or other electronic devices, group sessions, telephone contacts, home visits, or other appropriate education methods.

Title XVII also includes a provision establishing a $2 million grants program for nutrition outreach. These grants will foster cooperation between agencies serving low-income populations and the State Cooperative Extension Service. They will also generate, implement, and evaluate cost-effective models to inform low-income people about nutrition, resource management, and community nutrition education programs, such as the Expanded Food and Nutrition Education Program (EFNEP).

To permit replication of the outreach models in other areas of the country, each project shall include an evaluation component and shall develop an implementation plan to be approved by FNS. The evaluation would address such issues as: (1) the number of low-income persons reached by the program, (2) the actions taken to reach target audience with nutrition education, (3) the comparative cost-effectiveness of different communication methods, (4) the degree of coordination achieved between nutrition education programs and food assistance programs and between Cooperative Extension and community agencies or groups serving the low-income audience, and (5) how the recipient benefitted from the project.

Funds provided under this program are intended to supplement, and not supplant, ongoing food, nutrition, and consumer education activities of USDA, such as EFNEP.

Special provision in case of sequestration.—The Committee includes in Title XVII a provision requiring that certain food stamp program expenditures of the title be adjusted in each year in which sequestration occurs. Under the provision, in any year, from 1991 through 1995, in which there is sequestration under Gramm-Rudman-Hollings, or any subsequent enactment extending the effect of such provision, the estimated cost of this title's provisions which result from increases scheduled for that year in the excess shelter cost deduction, the percentage increases in the thrifty food plan, the value of a car, the child support deduction, the employment and training allowance, the dependent care allowance, and the asset limit for the disabled will be reduced by a percentage equal to that of the percentage reduction for sequestration for domestic spending contained in the final sequestration order (or later legislation that explicitly modifies a final order).

In calculating the dollar amount to be sequestered in a fiscal year, the "estimated cost" referred to above is the amount by which the Congressional Budget Office (CBO) estimate of that year's benefit increase under the above described provisions of this

title *exceeds* CBO's estimate of the previous year's benefit increase under those provisions. The cost estimate that CBO submits for this bill just prior to its enactment shall be used for all calculations.

Because the adjustments to these food stamp provisions normally are made on October 1, and a sequestration order is not issued until later in the month, this section makes the reduction effective on the following January 1. Because the reduction would be in effect for nine months of the fiscal year, the reduction percentage is set equal to four-thirds of the sequestration percentage. As a result, the full-year savings that is achieved is equal to that achieved if the regular sequestration percentage had been applied for the full year. The dollar reductions made under this section in a fiscal year do not carry over or affect the following fiscal year, and this bill does not provide retroactive payments to offset those reductions.

TITLE XVIII—IMPROVEMENT OF THE AGRICULTURAL ECONOMY

SUBTITLE A—GRAIN QUALITY IMPROVEMENTS

The U.S. Grain Standards Act establishes the Federal Government's role in facilitating an efficient and competitive grain trade. The goals of the Act are to promote grain commerce in the interests of producers, merchandisers, warehouses, processors, and consumers of grain; to promote the marketing of grain of high quality; and to provide for the certification of the quality of grain in as accurate a manner as possible.

In response to concerns expressed by customers for U.S. grain, Congress included a number of provisions designed to improve grain quality and standards in the Food Security Act of 1985 (P.L. 99-198). Among the provisions contained in the Act was a directive that the congressional Office of Technology Assessment (OTA) study U.S. grain export quality standards and grain handling practices. In conducting the study, the OTA evaluated the competitive problems the U.S. faces in international grain markets that may be attributed to grain quality standards and handling practices, identified the extent to which grain export quality standards and handling practices have contributed toward declines in U.S. exports, examined the implications of possible changes in grain standards, and evaluated methods used to establish grain classifications.

In February 1989, OTA released the report: "Enhancing the Quality of U.S. Grain for International Trade." The report found that in comparison to the grain marketing systems in other major exporting nations, the U.S. system held five fundamental advantages: efficiency, productivity growth, range and availability of qualities, grading and inspection conventions, and the market-determined discounts and premiums.

OTA suggested that plant breeders in the U.S. may have greater incentives to focus on improving variety yields than on emphasizing intrinsic qualities based on end uses. The report concludes that the U.S. grain system may benefit from the adoption of standards for grain which more completely identify the properties which are of importance to the end user.

The Committee finds that the grain delivery system has the flexibility to meet contractors' demands for a wide variety of grades and characteristics of grain and credits that system for its contribution to increased U.S. competitiveness in international grain markets—especially since the enactment of the Food Security Act of 1985. The Committee believes the system's ability to meet the demands of the marketplace can be further enhanced if FGIS revises its standards and policies under the U.S. Grain Standards Act.

The provisions included in the Committee's bill declare the policy of Congress that official U.S. standards for grain are to reflect the economic value-based characteristics of the end uses of grain. The intention of the Committee is that standards adopted by FGIS reflect as accurately as possible the qualities of any shipment of grain which would be of interest or utility to the end user of the product. The Committee believes such a policy will lead to greater confidence on the part of international buyers in the ability of the American system to supply a large variety of accurately identified grains.

In providing for the establishment of a departmental "Committee on Grain Quality" the Committee intends to facilitate coordination within the Department of its many activities which affect the quality of marketed grain. The Committee intends that the Secretary of Agriculture appoint to the Committee on Grain Quality a representative or representatives from each agency within the U.S. Department of Agriculture (USDA) whose activities affect, directly or indirectly, the quality of U.S. grain products and the standards for certification and inspection of grain. The Committee is to be chaired by a Grain Quality Coordinator.

The Committee also includes provisions directing that all export grain be loaded aboard outgoing ships under an inspection plan providing for accurate certification. The Committee believes statistical procedures used for grading export grain may affect the perception of foreign buyers regarding the reliability of the U.S. to market grain in a fair manner. The Committee is encouraged by recent regulatory initiatives undertaken by USDA relating to the statistical methods used in the inspection of cargos for export. The Committee directs USDA to monitor closely the implementation of its recently issued Shiplot Inspection Plan rule to ensure that it complies with the goal of providing for an impartial loading plan.

Testing for aflatoxin contamination of corn shipped in foreign commerce; domestic testing standards and procedures

Aflatoxin is a naturally-occurring toxin which studies show causes cancer in animals. Some studies have linked aflatoxin consumption and cancer in humans. The mold that produces aflatoxin grows and thrives in plants suffering stress, such as dehydration during a drought. A certain amount of aflatoxin is prevalent most years in peanuts in the southeastern United States, however, during more serious droughts, aflatoxin can spread to corn.

During the 1988 drought, American consumers raised concerns about the amount of corn contaminated by aflatoxin which may have entered the food chain. Additionally, foreign purchasers of corn complained to the U.S. Department of Agriculture (USDA)

about certain shipments of corn from the U.S. containing unacceptable levels of aflatoxin.

In response, the Subcommittee on Wheat, Soybeans, and Feed Grains held a hearing on April 4, 1989 to investigate not only the amount of contaminated corn that may have entered the food chain and the export market, but also the mechanisms which were in place to monitor and inspect aflatoxin throughout the grain marketing system.

At the hearing, testimony from the Federal Grain Inspection Service (FGIS), which is the agency within USDA responsible for monitoring and ensuring quality in U.S. grain for export, stated that although 80–90 percent of corn designated for export was tested for aflatoxin voluntarily, no mandatory aflatoxin program existed. FGIS provided no information about the extent to which corn destined for human, domestic consumption was tested since that responsibility lies with the Food and Drug Administration (FDA).

Following the hearing, the Subcommittee requested the U.S. General Accounting Office (GAO) to conduct an investigation on the extent of the aflatoxin problem, including the degree of aflatoxin testing performed by private grain and food companies and processors of corn, the degree of oversight by FGIS and FDA, and possible remedies that could thwart the marketing of contaminated corn similar to the mandatory aflatoxin testing program for peanuts.

Approximately one year later, on April 2, 1990, the Subcommittee met again to hear the preliminary results of GAO's investigation. GAO found that corn mills and food processing plants, where food is prepared for human consumption, were regularly testing for aflatoxin in their corn shipments. In fact, the accuracy of testing milled corn at the plant—rather than whole kernel corn at the grain elevator—is much greater because whole kernels of corn have varying degrees of contamination compared to the consistency of contamination in milled corn. Accordingly, GAO concluded that since the incidence of aflatoxin in corn is very infrequent in the U.S., costs associated with implementing a country-wide program would far outweigh the benefits to American consumers.

GAO also stated that since the U.S. produces eight billion bushels of corn annually grown all over the country, compared to a very small centrally located peanut crop, implementing a mandatory testing program for corn similar to the peanut program would not only be extremely costly, but would greatly impede the marketing process of this huge crop, which may lead to higher prices for consumers.

In response to this report, the full Committee still believes that a first step in monitoring aflatoxin is needed to ensure purchasers of corn and corn products that necessary steps are being taken to prevent corn contaminated by aflatoxin from entering the food chain.

Accordingly, during Committee consideration of the 1990 farm bill, an amendment was adopted that will require FGIS to test all corn destined for export. The amendment also requires that USDA through FGIS assist local elevators in obtaining correct aflatoxin testing equipment so that test results would be as accurate as possible for whole kernel corn.

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Control and eradication of plant pests

This provision will expand the Secretary of Agriculture's authority to enhance intergovernmental cooperation in the control and eradication of plant pests with any foreign country in the world. At present the Secretary's authority is limited to the Western Hemisphere.

The proposed authority would give the Secretary the opportunity to assist in eliminating or diminishing such plant pests, thereby reducing the risk of such from being introduced into the U.S.

USDA's efforts with foreign countries have been largely successful in keeping many animal pests out of the U.S., but the risk of introduction is always present. Especially as trade and travel increases. Helping other countries to control and/or eradicate plant pests lessens the risk that those health problems will be imported into the U.S.

In addition, the Committee believes U.S. agriculture would also gain valuable information and experience and allow us to gather technical information and develop expertise in preparedness in responding to plant pests threats.

Cooperation with foreign countries in animal disease control.

The U.S. and many other nations recognize the importance of finding new regional or global approaches to effective management of pests and diseases. This recognition has led to an agreement between South American nations to eradicate foot-and-mouth diseases (FMD). The Committee believes this is a very important initiative and the U.S. could provide valuable technical assistance to efforts such as this if only the authority to cooperate with the countries of South America were available.

USDA's animal disease cooperative efforts at present are limited to basically Central and North American countries. Such cooperative efforts have been largely successful in keeping many diseases out of our country, but the risk of introduction is always present. Indeed, the risk increases as trade and travel increases. Helping other countries to control and/or eradicate animal diseases lessens the risk that those problems will be imported into our agricultural sector.

In addition to keeping diseases further from the U.S. agricultural sector, such as with screwworms, these cooperative programs give us a first-hand look at animal disease situations in cooperating countries and allow us to gather technical information and develop expertise in preparedness in responding to threats.

This amendment would permit USDA to cooperate with any foreign country and international organization in the world. The Committee believes that international cooperation programs in animal diseases are both a means of assisting foreign countries and a way of extending our first line of defense beyond our borders.

Debt for agricultural development exchanges

Since the Third World debt crisis exploded in 1982, many developing countries have had serious difficulties in repaying their debts owed to foreign lenders. Several studies have reported that such

debt burdens have impeded development efforts and greatly diminish available resources to finance development projects in these countries.

The International Debt for Agricultural Development Exchanges program will allow the Secretary of Agriculture to award grants to non-profit organizations, colleges and universities, to purchase a portion of a developing country's foreign debt at a discount in the so-called secondary market.

With the agreement of the debtor country, the grantee could exchange this debt for local currency at a more favorable exchange rate to finance joint agricultural development projects.

In addition, this could greatly enhance funding for agricultural related programs in developing countries beneficial to the host nation and the U.S.

The Committee believes that such programs could improve agricultural development and strengthen strong market economies in these countries, and at the same time, enhance U.S. international competitiveness and global leadership.

The Committee also believes that limited resources can be leverage through the use of debt swaps which would contribute to the effectiveness of the programs in collaborative research on plant and animal diseases, environmental problems, natural resources and education and training.

Such programs should include scientist and germplasm exchanges, collaborative linkages and training for developing country professionals. For example, in Mexico, resources could be leverage for collaborative research programs on the Africanized bee and screwworm research; partial financing of a screwworm facility in Central America; babesiosis or Texas fever in cattle; plant diseases such as carnal bunt on wheat and the spittle bug pest on grasses; and on education, training and other programs of mutual benefit to both nations.

Lastly, International Debt for Agricultural Development Exchanges can help us achieve two goals: a small degree of debt relief for developing countries, while at the same time assisting them in the development of their agricultural sector.

SUBTITLE C—OTHER PROVISIONS

Agricultural product promotion and enhancement

U.S. agricultural producers and importers contribute approximately $600 million annually to commodity promotion and research programs authorized by Congress to maintain and expand markets for agricultural products. These promotion and research programs are funded entirely by assessments paid by producers and importers in a self-help effort to enhance the economic viability of their industries. In the complex field of today's agriculture, many of the issues faced by producers are nationwide in their impact and demand a national commitment to address them. As a result of increased competition for the consumer's dollar, it is necessary that agricultural producers be allowed to collectively promote and research their products to ensure increasing demand, and as a result, the economic viability of their industries. In the design of these programs, Congress has provided the Secretary of Agricul-

ture with authority to appoint boards or councils comprised of producers (and in those cases where imported product is assessed, importers) to administer and fund programs under the oversight of the Secretary of Agriculture.

The producer boards' efforts to promote their commodities to retailers and consumers have made an important contribution to the economic health of U.S. agriculture. Producers have come to understand that their ability to increase demand for their products depends on their ability to work with industry, academia, and government to develop new products and new uses for their commodities.

These boards and councils are responsible for the management and effectiveness of these programs. In addition, they provide a valuable link between the industry members funding the programs and the U.S. Department of Agriculture. Continued support for these programs depends on the boards or councils faithfully and diligently performing the functions assigned to them, under the supervision of the Secretary, by the authorizing legislation. It is the sense of the Committee that these boards should regularly review the responsibilities delegated to them, under the oversight of the Secretary, to ensure that those responsibilities are being carried out.

Producers are beginning to recognize that if they are to change the consumer's attitude, they must approach the task with a carefully planned, long-term series of activities. Enhanced efforts are being directed at identifying potentially productive research areas in the development and marketing of new consumer products.

In addition, these promotion and research programs have taken on a new importance with the advance of technology. As technology advances, new opportunities for agricultural products in both food and nonfood applications arise. It is imperative that these boards and councils review the opportunities for increased utilization of their products in both food and nonfood applications to ensure that they are able to maintain and expand markets at a time of increased competition from other sources. With this challenge to boards and councils administering these programs to look for additional food and nonfood opportunities for use of their products, it is not the intent to expand the scope of these promotion programs to activities which were not covered under the legislation authorizing the programs. However, in interpreting the legislation authorizing these programs, it is the sense of the Committee that these boards and councils, and the Secretary of Agriculture, have been given extensive flexibility with regard to the pursuit of new uses of food and nonfood applications for their products.

As stated in all legislation authorizing these checkoff programs, maintaining and expanding markets for their products are the underlying goals of each program. Issues such as food safety, environmental concerns, animal husbandry practices, and other matters which affect the perception of consumers with regard to products may have a detrimental effect on demand should those perceptions be based on misinformation. In view of this, there is a need for these boards and councils that oversee the commodity checkoff programs, under the supervision of the Secretary to provide consumers with adequate information on these issues so that the perception of

consumers and the public will fairly reflect the relationship between agriculture and these public issues.

The goal of producer checkoff programs is to find solutions to critical industry problems. In establishing these programs, it was the intent of Congress that producers and importers have the opportunity to expand demand and market opportunities for their products. This philosophy is based on a market-pull as opposed to a production-push philosophy. Therefore, these commodity promotion programs should focus their efforts toward increasing demand and market opportunities as opposed to increasing efficiency of production of agricultural products. However, to the extent that changes in production systems can enhance the industry's position in the marketplace, and to the extent that changes in production practices can lead to products better suited to the demands of consumers, funds from check-off programs can and should be applied to solving production-related problems.

Agricultural assistance program for farmers with disabilities

Farming is a very dangerous occupation, being responsible for an accident rate that is higher than any other occupation. Recently, several nonprofit organizations, and interested individuals have begun an effort to rehabilitate farmers who need special assistance to remain in farming. At least two States, Iowa and Indiana, have small programs being run in cooperation with the Extension Service, to serve these needs. While other agencies of the Federal Government have programs which could serve the needs of disabled farmers, thus far none of these agencies has a program to enable farmers to return to farming.

This provision provides grant funds, to be administered through the Extension Service, for States interested in starting a research and demonstration program for physical rehabilitation of disabled farmers with the goal of returning these farmers to farming. The amendment provides for grants of $150,000 to assist a State in establishing such program.

Emergency grants to assist low-income migrant and seasonal farmworkers

A number of natural disasters have occurred over the past decade which have severely affected both farmers and farmworkers. Migrant and seasonal farmworkers have been particularly hurt since only approximately one-third of this workforce is covered by regular unemployment insurance. This is because most migrant and seasonal farmworkers work for small agricultural employers who are exempt from unemployment insurance authorized by the Federal Unemployment Tax Act of 1935 (FUTA).

Where emergency assistance has been provided farmers, many migrant and seasonal farmworkers have also received some assistance. However, such assistance is typically not enough, not provided in a timely manner and overlooks many in the migrant stream.

Often migrant and seasonal farmworkers require help to get to the next job when an emergency has affected farmwork in the area, or, if a wide area is affected by the emergency, farmworkers need help to get back home because of their loss of anticipated income. Such assistance cannot be a priority for local emergency

assistance networks whose responsibility must be to stabilize the local area and tend to local emergency food and shelter priorities.

The Committee has thus provided authorization for the Secretary of Agriculture to make grants not to exceed $20 million to assist low-income migrant and seasonal farmworkers. In an effort to ensure that such assistance reach the targeted population in a timely manner, the Committee has provided the Secretary discretion in making funds available to public agencies or non-profit private organizations that have experience in providing emergency services. Where there may be large, primarily home-based, concentrations of farmworkers affected by a localized disaster, as has occurred in South Texas on a number of occasions, the Committee intends that funding be directed to local public agencies (such as the county government) or non-profit organizations serving the affected area. Where a disaster or emergency has affected a large area such as a state or a multi-state region or where the migration of farmworkers is affected, public agencies or non-profit organizations with a network of service locations that have experience in serving migrant and seasonal farmworkers would be better able to ensure prompt and effective delivery of emergency services.

Since the funding authorized in the bill may not be sufficient for all farmworkers, the Committee has limited eligibility to those whose income over the previous year did not exceed the higher of the poverty level (currently $12,700 for family of four) or 70 percent of the lower living standard income level (Bureau of Labor Statistics income level adjusted for regional, metropolitan, urban and rural differences and family size. Currently, in the non-metropolitan South region, 70 percent of LLSIL is $12,710 for family of four).

Forage rangeland inventory survey

The forage and rangeland crop supply is essential to the stability of U.S. livestock production. To prevent the unplanned drop in supply of this vital resource due to natural or other causes, the Secretary of Agriculture through the National Agriculture Statistics Service shall initiate annually a survey of the availability of such crops. It is important that the findings of the report be made available publicly, particularly to scientists and researchers who study the nature and sustainability of such crops.

Accurate tracking of costs of commodity certificate program

This section requires the U.S. Department of Agriculture to develop a new set of budget terms and totals which include commodities certificates in the budget totals submitted by the Administration to the Congress. Currently, USDA does not include commodity certificates in its totals for budget authority, outlays, or obligations when reporting its budget to the Congress.

The Committee understands that the Office of Management and Budget (OMB) is currently studying the budget treatment of all noncash asset transactions and intends to develop a standard budget treatment that can be consistently applied to all transactions. As recommended by a recent GAO study, the Committee believes that this provision will help expedite this ongoing effort.

Improving the accuracy of commodity program budget forecasts

The purpose of this section is to require the U.S. Department of Agriculture to identify, review, and correct forecasting errors associated with commodity program spending.

As a recent GAO report concluded, several types of errors have affected USDA's forecasting accuracy. In some cases, USDA made assumptions about program implementation that differed from actual implementation. In addition, erroneous economic assumptions, such as forecasts of inflation or growth in the gross national product, could have also caused errors.

More specifically, the accuracy of the forecasts of Commodity Credit Corporation (CCC) dairy purchases has been quite variable, with errors ranging from 5.3 percent in 1986 to over 115 percent in 1987. In actual pounds, pre-year forecasts ranged from 5.1 billion pounds too high in 1983 to 5.2 billion pounds too low in 1987.

The Committee recognizes that forecasting commodity spending is far from an exact science. However, the Committee will continue to face difficult budget reduction decisions and accurate information is of paramount importance.

Subtitle D—Reports and Studies

Pass through of savings

Critics of the commodity programs authorized in current legislation claim consumers are somehow overcharged through the operation of these programs, and that consumers would benefit from cuts in farm program supports or target prices. While it is clear to the members of the Committee that consumers would not receive any benefit from cuts in farm commodity prices, nevertheless, it is important that the U.S. Department of Agriculture (USDA) ascertain the extent to which savings in commodity program prices are passed along to the ultimate consumer. The ultimate consumer is the individual who purchases an agricultural product at the retail level.

This provision requires the Secretary of Agriculture to establish a system by which USDA may measure the extent to which, if any, American consumers receive benefits from farmer price reductions. The Secretary is required to submit a report to the Congressional agriculture committees, at which time, the Committees can fully explore all of the issues involved in such a pass through of savings to the ultimate consumer.

This provision also requires that the Secretary's findings be published in the *Federal Register*, noting particularly the products, the manufacturers, and retailers of such products, as well as the amount of the actual savings passed along to the ultimate consumer. In order for an individual company, manufacturer, or retailer, to be recognized in this fashion, this provision requires a certification establishing the intent to pass through such savings, as well as the actual pass through of the savings. In other words, this provision could be thought of as an honor roll for the industry, since industry very often advocates, in the guise of consumer protection, the necessity of reducing farm income supports. Any individuals who do not pass savings on to the ultimate consumers will not be

reported publicly in the *Federal Register* since this provision contemplates noting only those individuals who do pass the savings achieved from farm program payment reductions along to the ultimate consumer.

As with the Consumer Education Act, this provision will provide the basis by which issues relating to consumer costs can be fairly considered by the Committee and the Congress.

Farm value of agricultural products

Critics of farm programs and farm spending charge that reductions in farm program spending, through reduction of commodity prices, would allow the American consumer to purchase farm products at the grocery store at reduced prices. Such reasoning is unfair to American farmers, unfair to American consumers, and faulty. This provision, by requiring the Secretary of Agriculture to establish a system to inform the ultimate consumer of the farm value of a particular product, will provide the means by which American consumers can be informed of the farm value of agricultural products, at the same time it will provide the means by which this Committee can be fully informed of the relationship which exists between farm value and retail prices.

USDA's Economic Research Service, which compiles statistics collected by the Bureau of Labor Standards, publishes information which generally establishes some guidance as to the farm value of food, the retail price of that food, the farm-to-retail price spread, and the farm value share of retail price. This information, however, is based upon data collected by the Bureau of Labor Standards for the Consumer Price Index, and is not indicative of the farm value and retail price of all food items, and may, for example, contain information on peanut butter, but not information on salted nuts. Food items from certain parts of the country, for example, California oranges, may be priced, whereas, oranges from Florida are not. Thus, the information gathered and published is hardly indicative of the wide range of prices for commodities produced in various regions of this country, or the full range of products produced from various commodities.

The following chart illustrates the kind of information published by the Economic Research Service:

Food [1]	Retail price	Farm value	Farm value share of retail price [2] (percent)
Animal products:			
Eggs, Grade A large, 1 doz	$1.00	$0.65	65
Beef, choice, 1 lb	2.70	1.55	58
Chicken, broiler, 1 lb	.93	.51	55
Milk, ½ gal	1.27	.59	46
Pork, 1 lb	1.83	.70	38
Cheese, natural cheddar, 1 lb	3.20	1.20	38
Fruit and vegetables:			
Fresh:			
Lemons, 1 lb	.92	.27	29
Potatoes, Northeast, 10 lbs	3.06	.77	25
Grapefruit, 1 lb	.52	.12	23
Oranges, California, 1 lb	.56	.11	19
Apples, red delicious, 1 lb	.69	.13	18

Food [1]	Retail price	Farm value	Farm value share of retail price [2] (percent)
Lettuce, 1 lb	.61	.10	17
Frozen:			
Orange juice concentrate, 12 fl. oz	1.39	.56	40
Broccoli, cut, 1 lb *	1.21	.25	21
Corn, 1 lb.*	1.07	.12	11
Peas, 1 lb.*	1.06	.12	11
Green beans, cut, lb *	1.09	.11	10
Canned and bottled:			
Apple juice, 64-oz. bottle*	1.35	.28	21
Apple sauce, 25-oz. jar*	.90	.17	19
Pears, 2½ can*	1.14	.20	18
Peas, 303 can (17 oz.)*	.61	.10	16
Corn, 303 can (17 oz.)*	.51	.08	16
Peaches, cling, 2½ can*	1.07	.17	16
Green beans, cut, 303 can*	.49	.06	12
Tomatoes, whole, 303 can*	.52	.05	10
Dried:			
Beans, 1 lb *	.70	.30	43
Raisins, 15-oz. box*	1.30	.39	30
Crop products:			
Sugar, 1 lb	.37	.15	39
Flour, wheat, 5 lbs	1.22	.39	32
Shortening, 3 lbs	2.79	.61	22
Margarine, 1 lb	.82	.17	21
Rice, long grain, 1 lb	.50	.10	19
Prepared food:			
Peanut butter, 1 lb	1.61	.16	26
Pork and beans, 303 can*	.41	.09	22
Potato chips, regular, 1-lb. bag*	1.93	.29	15
Chicken dinner, fried, frozen, 11 oz.*	1.40	.18	13
Potatoes, french fried, frozen, 1 lb	.75	.10	13
Bread, 1 lb	.66	.06	9
Corn flakes, 18-oz. box*	1.56	.10	6

[1] January–June average for items noted with asterisk; annual average for all other foods.
[2] Computed from unrounded data.

From the information USDA receives from the Bureau of Labor Standards, the Economic Research Service calculates the changes in farm value as compared with the changes in retail prices. The following is an example of how USDA organizes such information:

FARM VALUE AND RETAIL PRICES HAD SIMILAR INCREASES IN 1989

(Percent change)

Year	Farm value of food	Retail price	Farm-to-retail price spread	Farm value share of retail price (percent)
1980	5.0	7.2	8.6	37
1981	3.2	7.6	10.3	36
1982	—.7	3.6	6.0	35
1983	—1.7	.9	2.3	34
1984	6.3	3.9	2.8	35
1985	—7.1	1.2	5.5	32
1986	—1.4	2.1	3.9	31
1987	2.3	5.0	6.1	30
1988	3.8	4.4	4.7	30
1989	6.9	7.0	7.0	30

Very few consumers are probably aware of the fact that farm value, as a share of the retail price, has declined seven percent from 1980 to 1987, and that since 1987, farm value has remained at 30 percent of the share of retail price. Since this data is based only on a survey of some common agricultural items or products, it is impossible to say with certainty that this information correctly identifies the total decline in farm value as a share of retail price.

With the full range of data collected that this amendment contemplates, it will be possible to have actual information which would be instrumental both from the standpoint of informing consumers, as well as formulating farm policy. It is the opinion of the Committee that informed consumers are better able to take advantage of the food bargains which already exist, and that this provision will provide needed information for America's consumers.

Study of the concentration of the meat packing industry

This section requires the Comptroller General of the U.S. General Accounting Office (GAO), in consultation with the Secretary of Agriculture, to complete a study examining vertical and horizontal concentration in the meat packing industry.

The Committee holds the view that competitive markets with many buyers and sellers provides an ideal environment for healthy and fair trade. A competitive environment provides consumers a quality product at reasonable costs. However, the Committee recognizes that among the economic forces for changes in industry concentration is the existence of economies of size, or cost efficiencies associated with operating larger units or plants or individual units or plants more intensively. Recent studies have shown declines in cost are experienced when plant size increases or when shifts are added. However, as a particular market becomes more concentrated, i.e., a segment with fewer and larger buyers or sellers, it becomes possible for the larger and most powerful operations to control or manipulate the market for their own benefit.

Market concentration ratios are a measurement of how much of the total market the largest firms control. As the proportion of the market share increases, it indicates that the market is becoming more concentrated. While market power arises primarily from control over supply (horizontal concentration), it can often be exercised more effectively if a firm with a large market share is also integrated vertically. Vertical coordination is achieved through ownership of successive stages of production or the utilization of contracts to influence vertical coordination within the marketing channel

The Committee finds that the structure of the entire food marketing system changed during the decade of the 1980's. Between 1982 and 1989, nearly 3,400 mergers, divestitures, or leveraged buyouts took place in the food marketing system. In 1988, the food marketing system announced or completed the largest magnitude and number of mergers and leveraged buyouts in U.S. history, costing more than $60 billion. In fact, the largest leveraged buyouts in history were all in the food marketing system. Among recorded 1988 transactions in food processing, 22 foreign buyers bought U.S. food companies with a value of $8.6 billion, while U.S. food marketers purchased 14 foreign firms at a cost of $1.6 billion. As a result,

aggregate concentration rose sharply in the food processing, wholesaling, and food service sector because of merger and acquisition transactions between 1988 and 1989.

In the meat packing industry, structural change has been an evolutionary process. During the 1960's and 1970's, the U.S. meat packing industry was frequently identified as an industry that had become more competitive over time. National concentration of meat packing, which was high at the turn of the century, experienced a long decline until the 1960's or early 1970's. Until the 1960's, old line packers continued to lead the industry with older multi-species plants. In the 1960's, specialized beef slaughtering plants began to penetrate the industry by locating plants in the Western Corn Belt and High Plains where cattle feeding was increasing. Today, plants tend to be specialized by species and may also be specialized by function (slaughter or processing).

Data compiled by USDA's Packers and Stockyards Administration show that the number of meat packing plants which slaughter livestock has been declining for the past two decades. At the same time, the average plant size has increased. For example, national concentration of steer and heifer slaughter increased from 27 percent for the largest four packers in 1972 to 32 percent in 1977. As a result of acquisitions and mergers, four-firm concentration increased to 64 percent in 1987. Today, three firms, with 70 percent concentration, dominate the cattle slaughter market. In addition, four-firm concentration ratios reached 56 percent in hog slaughter and about 66 percent in sheep and lamb slaughter in 1987.

Similar trends are found in the processing sectors. Four beef packers handle about 82 percent of U.S. boxed beef sales. A study by one university economist found that for every 10 percentage point increase in market share held by the top four firms in a boxed beef packer market, fed cattle prices dropped $0.10 to $0.23 per hundredweight. Other studies also appear to support the conclusion that concentration in the beef packing industry reduces cattle prices.

Increasing market concentration is also found in other meat processing industries. The Committee finds that over the last 20 years, U.S. poultry processing units dropped from 100 to 30 with three firms processing about 40 percent of the nation's chickens. The three largest pork processing firms now handle approximately 35 percent of the total pork business.

The Committee finds that fewer but larger plants have increased concentration ratios in the meat packing industry. Concentration ratios by themselves are relatively unimportant. More significant is whether such increases in concentration ratios have adverse effects. For example, the Committee recognizes that temporary or permanent plant closings often follow increased concentration ratios. Plant closings result in economic hardship to local economies and reduced market alternatives for producers. Because the Committee shares this and other concerns, the amendment requires this study to examine the impact of concentration in the meat packing industry on economic development in agricultural areas and on farm income and consumer prices.

As firms obtain larger shares of their primary markets, they tend to branch out into other lines of business. Increasing diversifi-

cation of large firms may have important implications for market performance. The Committee recognizes that efficiency and productivity gains may be achievable in some situations. However, the Committee believes that a large conglomerate firm may have the potential to engage in predatory pricing to eliminate competitors in some markets because it can subsidize its losses in those markets with earnings from other markets.

Studies indicate that concentration on one side of the market tends to beget concentration on the other side of the market. Big packers are eager to contract supplies from large feedlots, and large feeders are eager to assure a regular market for their volume production. With more cattle held in captive supply, packers are less eager to buy cattle in the residual market and as a result, cattle producers find it difficult to accurately access the true market value of their cattle. With these circumstances in mind, the Committee finds that this study should examine the impact on price levels and price variability as well the level of competition in slaughter livestock markets resulting from the fact that producers are captive sellers.

The Committee believes many new innovations and tighter cost controls have been introduced by new and modernized packers and that lower labor costs have probably been passed onto consumers. However, substantial costs have also resulted from these changes. Studies have shown that wages and fringe benefits have dropped sharply in this industry, which is sometimes characterized by unpleasant and hazardous working conditions. The lower costs have been largely borne by plant workers through lower wages and benefits. As a result, the study should examine the impact of concentration on various employment statistics, including employment levels, wage and benefit rates, and employment opportunities

As competition in livestock procurement markets has declined, farmers have realized and are likely to continue to realize some erosion of the prices they receive. The Committee recognizes that various alternative marketing systems have been proposed as a means of broadening markets and increasing competition in livestock purchasing. Systems frequently mentioned include electronic marketing and a national market for forward contracts. Widespread implementation of these markets may enhance competitive price discovery in a national livestock market. The Committee directs the study to address the current pricing relationship, including the role of packers in the futures market, and evaluate alternative methods of price discovery. The adequacy of the voluntary price reporting system of USDA should also be examined in this context.

Finally, given the merger activity and the growth in concentration throughout the food marketing system, the study should examine the degree of concentration throughout the system and the resulting impact on processors. In addition, the extent and nature of packer contracting and the typical pricing arrangements currently used should be considered in all aspects of the study.

Report on per unit return on current value resulting from the production of certain crops

The U.S. Department of Agriculture (USDA) currently provides annual cost of production data for major crops based on surveys conducted by the Economic Research Service; however, these estimates do not take into account the effects of government programs. Farm program payments have a significant effect on land values and share rents, as well as the returns generated by a farming operation. In addition, acreage reduction programs significantly effect the cost of production for the overall farming operation.

In order to have a more accurate comparison of the relative returns for different crops and of the returns for farming operations versus other business enterprises, USDA is required to annually calculate and publish the return on current value for the production of crops listed in this section. The Committee feels that this information is necessary to compare the relative benefits of different farm programs as well as the return on investment for farming operations.

COMMITTEE CONSIDERATION

Cotton, Rice, and Sugar Titles

HEARINGS

The Subcommittee on Cotton, Rice, and Sugar held a series of public hearings throughout the national to receive testimony on the cotton, rice, and sugar titles of the 1990 Farm Bill.

The Subcommittee held hearings in Colorado Springs, Colorado on August 5, 1989 and in Clewiston, Florida on February 2, 1990 to discuss the sugar title of H.R. 3950.

On January 10, 1990 in Potageville, Missouri; January 11, in Lubbock, Texas, and January 12, in Monroe, Louisiana; the Subcommittee held hearings to discuss the cotton, rice, and sugar titles of the 1990 Farm Bill.

The Subcommittee held public hearings in Washington on the cotton title on March 13, 1990, the rice title on March 6, 1990, and the sugar title on March 15, 1990.

SUBCOMMITTEE MARKUP

On March 28, the Subcommittee on Cotton, Rice, and Sugar held a business meeting to begin consideration of HR 4388, the text presented for subcommittee consideration in lieu of the cotton, rice and sugar titles of H.R. 3950. Chairman Huckaby described the major provisions of the cotton and rice titles and stated that the sugar title would be considered at a later date. Mr. Stangeland and Mr. Emerson made opening statements.

Mr. Tallon then offered an amendment to Section 204 of the Agricultural Act of 1956 which would give the President discretionary authority to implement a U.S. textile program in the absence of a multi-lateral agreement on textiles. The amendment was agreed to by voice vote.

Mr. Herger then offered an amendment to strike the mandatory 0/92 provisions of the bill applicable to cotton and rice and replace

them with a mandatory 50/92 program as exists in current law. Minority counsel then pointed out that the 0/92 provision for prevented planting had been inadvertently deleted and requested permission to insure that the provision remained in the bill. Mr. Stangeland then suggested that the amendment be amended to give the Secretary discretionary authority to offer the 0/92 program. Chairman Huckaby and Mr. Stenholm spoke in favor of allowing the discretionary 0/92 program and Mr. Huckaby pointed out that the guaranteed payment rate provision was also inadvertently deleted. Mr. Herger then agreed to these changes and the amendment, as amended, was agreed to.

Chairman Huckaby then offered an amendment to the cotton title requiring a preliminary announcement of the program for the following year on November 1, followed by a final announcement of the program by January 1, with authority to protect producers in early planting areas. Mr. Stenholm spoke in favor of the amendment. The amendment was agreed to by voice vote.

Chairman Huckaby then offered an amendment to perfect the three step competitiveness provisions which were proposed by all segments of the cotton industry. The amendment was agreed to by voice vote.

Chairman Huckaby then offered an amendment to the cotton title to allow the Secretary to make payments in generic certificates, rather than requiring that these payments be made in cotton specific certificates.

The subcommittee then adjourned with the understanding that they would return at a later date to consider the sugar title and revisit the cotton and rice titles if necessary.

On April 19, 1990, the subcommittee held a business meeting to continue consideration of HR 4388. Chairman Huckaby made an opening statement and said that the subcommittee would not report a final bill from the subcommittee until the following week. He stated that it was his intention to offer a substitute for the sugar title and also to offer amendments to the cotton and rice titles to provide for increases in the target prices linked to the consumer price index. He pointed out that most other government programs provided for inflation increases tied to this index, therefore, he felt that it was only equitable to provide this same protection to farmers. He also pointed out the advantage that agriculture would gain by having these increases included in the baseline for budget purposes. Mr. Stangeland made an opening statement. He noted that a provision related to the reassignment of beet sugar deficits had been inadvertently omitted and requested that it be included in the sugar substitute. The sugar substitute was considered as original text for the purpose of amendment.

Mr. Lewis then offered an amendment to deny a sugar quota to any country that imports Cuban sugar. Mr. Holloway and Mr. Huckaby spoke in favor of the amendment. The amendment was agreed to by a voice vote.

Mr. Holloway then offered an amendment to require that disaster payments be made to producers of sugarcane in Louisiana whose 1990 crop was adversely affected by freeze in 1989. Mr. Huckaby asked if the Florida and Texas crops were affected by the 1989 freeze. Mr. Holloway responded that only the 1989 crop in

Texas was impacted by the freeze, and Mr. Lewis concurred that only the 1989 crop in Florida was impacted. Mr. Stangeland suggested that the provision might be broadened by the full committee to cover other areas and Mr. Huckaby pointed out that the State of Louisiana was specifically mentioned in an effort to limit the scope and cost of the provision. The amendment was adopted by voice vote.

Chairman Huckaby then requested and received unanimous consent to offer en bloc four noncontroversial amendments to the cotton title. The first amendment adopted the recommendations of the Advisory Committee on Cotton Marketing. The second amendment ensured that the special import quota and the import quota contained in the competitiveness provision could not both be activated at the same time. The third amendment eliminated the cross compliance provisions related to extra long staple cotton. The fourth amendment eliminated the Secretary's authority to issue cotton specific commodity certificates. The amendments were agreed to by voice vote.

Chairman Huckaby then requested and received unanimous consent to offer en bloc three related amendments to the cotton, rice, and sugar titles. The amendments required that the target prices for cotton and rice and the loan rate for sugar, beginning with the 1992 crops, be increased by the percentage change in the consumer price index for previous 12 months minus two percentage points. The amendments were agreed to by voice vote.

The meeting was then adjourned with the understanding that the subcommittee would meet again and that all three titles would remain open for amendment.

On May 1, 1990, the subcommittee held a business meeting to continue consideration of HR 4388. Chairman Huckaby called the meeting to order.

Mr. Stangeland then offered an amendment to limit the importation of certain sugar-containing products and to tighten existing quotas on some sugar-containing products. Chairman Huckaby requested the Administration's position on the amendment and the representatives of Administration stated that they did have some concerns about the amendment but were not prepared to respond at that time. The amendment was agreed to by voice vote.

Mr. Stangeland then raised some concerns about the provisions of the sugar re-export program and suggested that the Members work to perfect that program before finalizing it at the full committee level. Mr. Huckaby agreed and also raised concerns voiced by Mr. Holloway that the provisions providing for allocation of market shares among producers be modified to ensure equitable treatment to all producers.

Mr. Stangeland then moved that the subcommittee report the provisions of titles 1 and 2 of HR 4388 as amended to the full committee as substitute text for titles 5 and 6 of HR 3950 respectively, and the substitute sugar text for title 9 of HR 3950 as amended, with the recommendation that they pass. Mr. Stenholm seconded the motion. The motion to report to the full committee was agreed to by voice vote in the presence of a quorum.

At this point the representatives of the Administration requested permission to comment on the Stangeland amendment and raised

objections that it would violate our obligations under the General Agreement on Trade and Tariffs. Mr. Huckaby and Mr. Stangeland agreed to work with the Administration to improve the amendment before the bill was finalized by the full committee. The meeting was then adjourned.

COTTON

FULL COMMITTEE CONSIDERATION

The Committee on Agriculture met on Thursday, May 17, pursuant to notice to consider the cotton title of the 1990 farm bill, as reported by the Subcommittee on Cotton, Rice and Sugar.

Chairman de la Garza recognized Mr. Huckaby, chairman of the Subcommittee, to discuss the Subcommittee's recommended legislation.

Mr. Huckaby stated that in hearings around the country conducted by the Subcommittee witnesses generally felt current cotton policy was working well. He stated that the Subcommittee had subsequently made refinements to current cotton policy.

In providing a brief summary of the draft legislation, he noted that the current loan formula which is based on 85% of the three year spot market average or 90% of the 15 week average of North Europe prices was maintained. He added that the target price was frozen for the 1991 cotton crop at 72.9 cents but that annual adjustments would be required for the 1992–1995 crops based on annual percentage changes in the Consumer Price Index reduced by 2 percent. He noted that recent cotton prices had been closer to the target price than the minimum loan of 50 cents.

He explained that the draft legislation requires the Secretary to establish the acreage reduction program (ARP) at a level (not to exceed 25%) required to maintain a carryover of 30 percent of projected off-take (domestic consumption and exports unaccounted). A voluntary paid land diversion program (at not less than 35 cents per pound) would be required if the projected carryover is 8 million bales or above.

Mr. Huckaby noted an additional change regarding the announcement date of the program. Under the Subcommittee's reported language, the Secretary is to make a preliminary announcement on November 1 followed by a final announcement on January 1 with authority to adjust ARPs until the final announcement.

He noted that a National Cotton Council recommendation regarding the adjusted world price was adopted to ensure competitiveness of domestic cotton. Also, he said, the draft legislation mandates the loan deficiency payment to be based on actual yields instead of payment yields; mandates 50/92 with a guarantee payment rate at time of sign up; and mandates 0/92 for producers prevented from planting by disasters. He added that the bill also prohibits cross compliance.

There was Committee discussion on the loan deficiency payment and cross compliance provisions of the bill. A spokesperson from the U.S. Department of Agriculture expressed concern that should the Committee adopt the cross compliance provision, cotton would be treated differently than other commodities. Mr. Huckaby then asked for and received unanimous consent to reserve the right for

the Committee to discuss this provision at a time when such a decision had been made on other commodities.

Chairman de la Garza recognized Mr. English to offer an amendment. He explained that his amendment would deny haying and grazing on conservation use acreage. He added that this had been the intent of the Committee in adopting the 1985 farm bill. Mr. Huckaby asked for and received unanimous consent to also amend the rice title of the bill with the English language.

The amendment was agreed to by voice vote.

Mr. Huckaby sought permission to offer an amendment. He stated that his amendment would provide that the Secretary of Agriculture take such actions as are necessary to affect the actual or anticipated impact of any oilseeds programs on prices for cottonseed or cottonseed oil. He said that this amendment was necessary because of the historical relationship between the price of cottonseed and the price of soybeans and the fact they are interchangeable.

There was some discussion of the amendment and it was agreed to by voice vote.

Subsequent to adoption of the amendment, there was additional discussion of the its effect on soybeans. Chairman de la Garza suggested that the Committee staff clarify the intention of the amendment by either a redraft or by Committee report language.

Chairman de la Garza then offered an amendment which would require the Secretary to allow cotton producers in early planting areas to comply with the cotton program as announced in the preliminary announcement on November or as revised on January 1. This amendment changed the discretionary authority given the Secretary in the Subcommittee draft.

The amendment was agreed to by voice vote.

Chairman de la Garza announced that he and Ranking Minority Member Edward Madigan wish to offer an amendment which was the recommendation of the Committee's farm bill task force which would freeze target prices for the fiscal years 1991–1995 at the 1990 level.

Mr. Madigan noted that the amendment was necessary because of budget restraints and as a means to stay within the guidelines of the Budget Committee.

Mr. Huckaby noted that while this action may be necessary agriculture was the only function among 14 others of the Budget Committee that did not automatically get an increase in baseline each year.

After further discussion of the amendment it was agreed to by voice vote.

The Committee then approved by voice vote the draft legislation as amended.

On Wednesday, May 23, the Committee on Agriculture met to consider further amendments to the omnibus farm bill. During the markup, Mr. Huckaby was recognized to offer an amendment. He explained that his amendment simply increased from two to three years the amount of time necessary to build cotton base. He noted that the U.S. now has more cotton base than is needed and that the amendment would make it more difficult to build base in the future. The amendment was agreed to by voice vote.

On Wednesday, June 13, the Committee convened in further markup of H. R. 3950.

During the session, Chairman de la Garza offered an amendment to delete language previously adopted by the Committee amending section 204 of the Agricultural Act of 1956 to continue the President's discretionary authority to implement a U.S. textile program in the absence of a multilateral fiber agreement. He explained that he offered the amendment because of concerns of the Ways and Means Committee. The amendment was agreed to without objection.

SUGAR

FULL COMMITTEE CONSIDERATION

On Thursday, May 24, the Committee on Agriculture met, pursuant to notice, to discuss the sugar title of the farm bill as reported by the Subcommittee on Cotton, Rice and Sugar.

Chairman de la Garza inquired as to whether the Subcommittee Chairman, Mr. Huckaby, wished to offer a substitute amendment to that reported by his Subcommittee.

Mr. Huckaby explained that he wished to offer a substitute amendment. Without objection the substitute amendment was considered as original text for purposes of amendment and open to further amendment at any point.

Mr. Huckaby was recognized to offer the substitute amendment on behalf of himself and Mr. Stangeland, the Ranking Minority Member of the Subcommittee. He explained that the substitute would continue the sugar program at no cost to the Federal Government and that the 18 cent loan rate, with discretionary authority to increase the rate based on cost of production and other factors, would also be continued.

He noted that the loan rate had not changed over the last decade and that the European Economic Community supported its sugar program at 30 cents.

He added that the substitute included a new provision from current law providing assurance of foreign market access and establishing marketing allotments if imports are less than 1,250,000 short tons raw value for each fiscal year through 1995.

He also discussed a new provision that would establish an additional re-export program which would be financed by a .33 cent assessment on domestic sugar producers and processors of crystalline fructose; become effective if sugar imports fell below 1.7 million tons; use funds to purchase additional sugar from CBI and low income countries at 7 cents above the world or the U.S. loan rate, whichever is lower, and provide for re-export of the sugar after it is refined.

Mr. Huckaby noted that the recommended proposal was the result of a year's work by numerous organizations and individuals involved in the sugar industry and that it enjoyed support throughout the industry.

Mr. Stangeland sought and received permission to discuss the substitute briefly. He mentioned that he would be offering two amendments to the title.

Mr. Madigan inquired about that provision of the title which imposed Section 22 quotas on sugar-containing products. Mr. Stangeland remarked that he would be offering an amendment to strike the language.

Mr. Glickman was then recognized for a discussion of the role of the corn sweetener industry in regard to the marketing allotment provisions of the title. Mr. Huckaby advised the Committee that the provision as amended in the substitute provided that in any year in which marketing allocations are in effect for sugar, marketings for crystalline fructose would be limited to 200,000 tons. Mr. Stangeland noted that sucrose was deleted because it did not compete directly with refined sugar. He also added that the corn sweetener industry was supportive of the amendment as amended.

Mr. Stangeland was then recognized to offer an amendment. He explained that the amendment required the General Accounting Office to provide a report, not later than one year after the enactment of the farm bill, on the progress of various Federal agencies in addressing the concerns addressed in an earlier GAO report regarding possible circumvention of the quota imposed on sugar products coming into the country. The amendment was agreed to by voice vote.

Mr. Stangeland was recognized to offer an amendment on behalf of Mr. Lewis. He explained that the Lewis amendment provided that 90 days after enactment of the farm bill and by August 1 of each year thereafter the Secretary of Agriculture is required to report to the President and Congress the extent, if any, of sugar imports from Cuba by countries that have a U.S. sugar quota allocation and the countries that are net importers of sugar derived from sugarcane or sugar beets who are assigned sugar quota. He added that the President would be required to report to Congress on those countries who are net importers of sugar who have a quota, countries who have certified they do not import and reexport Cuban sugar and any action the President has taken on those countries who import such sugar and reexport such sugar to the U.S. under a sugar allocation.

There was some discussion of intent of the amendment. Mr. Huckaby explained that the amendment offered on behalf of Mr. Lewis improved on the earlier amendment Mr. Lewis had offered in Subcommittee which had barred sugar imports from countries that imported sugar from Cuba and then exported sugar to the United States.

Chairman de la Garza expressed concern that the amendment, as amended, may fall within the jurisdiction of other House Committees. Mr. Stangeland then offered an amendment to strike the original Lewis amendment as reported by the Subcommittee and asked that Mr. Lewis be protected to offer his revised amendment at a future Committee meeting.

Chairman de la Garza announced the Mr. Lewis would be able to offer his amendment at a future date. The Stangeland amendment was then agreed to without objection.

Mr. Herger sought and received recognition to offer an amendment which he explained would allow a sugar beet processor who was unable to fulfill its marketing allotment from its own production to purchase sugar from other beet processors to fulfili its allot-

ment, and that such sales between beet processors would not apply against marketing allotments of the seller.

Mr. Huckaby noted that the amendment would be particularly helpful in places, such as California, where production of sugar beets is declining. There were no questions on the amendment, and it was agreed to by voice vote.

Mr. Volkmer was recognized and discussed the sugar disaster provision of the bill. He inquired as to the situation regarding assistance for other crops which had been injured in other kinds of disasters. Mr. Tallon noted that the South Carolina peach crop had been lost because of frosts last year.

Mr. Holloway noted that the sugar disaster provision involved disasters in 1989 which would affect 1990 crops.

Mr. Stangeland sought and received recognition to clarify that with respect to the re-export provision of the title the assessment would be made on processors of sucrose and fructose and not glucose. He noted that glucose is a product that is not considered a sweetener but one which is used in starch.

Chairman de la Garza stated that in light of the inclusion of the Holloway amendment directing assistance to sugar losses in Louisiana it was appropriate to offer an amendment to assist sugar producers affected by the disaster in Texas. He expressed interest in deferring action on losses on other crops until a time when adequate assessments could be made on the extent of the recent damage.

Chairman de la Garza then offered an amendment which he explained provided that for purposes of determining the total quantity of the 1989 crop of sugarcane that the producers on a farm are able to harvest, the Secretary would be required to make the determination based on the quantity of recoverable sugar. He explained further that this amendment was necessary to assist those producers who harvested cane in Texas following a disaster in 1989 but received minimal payment because of the damage to the cane. The amendment was adopted by voice vote.

There being no further amendments, Mr. Huckaby moved adoption of the title. Title II, as amended, was agreed to by voice vote.

Mr. Huckaby then asked unanimous consent that the sugar title be considered Title I of the 1990 farm bill. There was discussion of the matter. Mr. Huckaby agreed to withdraw his request until a later date.

On Wednesday, June 13, the Committee on Agriculture continued its markup of H. R. 3950, the Food and Agricultural Resources Act of 1990. During that markup, Mr. Lewis offered an amendment that provided for annual reports to the President and the Congress on the extent, if any, of sugar imports from Cuba by sugar quota countries. Further, the amendment provided that beginning with the quota year after the 1990–1991 quota year, the President be required to report annually to the Congress the identity of countries that are net importers of sugar who have a quota, the identity of such countries who have verified they do not import for reexport to the U.S. any Cuban sugar and the action, if any, taken by the President regarding net importing countries who imported such sugar and reexported it to the U.S. under a sugar quota allocation. The amendment was agreed to by voice vote.

RICE

FULL COMMITTEE CONSIDERATION

On Thursday, May 17, the Committee on Agriculture met, pursuant to notice, to consider the rice title of the omnibus farm bill as reported by the Subcommittee on Cotton, Rice and Sugar.

Chairman de la Garza recognized Subcommittee Chairman Jerry Huckaby to discuss the recommendations of the Subcommittee.

Mr. Huckaby explained that the rice title contained several provisions similar to those pertaining to cotton. He stated that the marketing loan would continue as it currently operates with the loan rate formula based on 85 percent of market prices for the preceding five years. The $6.50 minimum loan floor would also be maintained, he said, with a downward adjustment limit.

He added that the proposal also froze the rice target price at $10.71 for the 1991 crop but provided that beginning with the 1992 crop the target price would be increased by the percentage change in the Consumer Price Index over the previous 12 months, less 2 percent. He noted that the acreage reduction program (ARP) was set to achieve a 20 percent carryover stocks/utilization ratio with the maximum ARP set at 35 percent. Additionally, he noted that the Subcommittee proposal mandated a 50/92 program, guaranteed payment at projected deficiency payment rate at time of sign up, mandated a 0/92 program for producers prevented from planting by disasters, and that the proposal would prohibit cross compliance.

Following explanation of the proposal, Mr. Huckaby noted the contributions of the Ranking Minority Member of the Subcommittee, Mr. Stangland, to the rice, cotton and sugar titles of the farm bill.

Mr. Huckaby was recognized to offer a technical amendment to the bill. He explained that the amendment authorized the use of generic certificates rather than certificates redeemable only in rice in the case of loan deficiency payments and marketing certificates. He added that the amendment also provided discretionary authority to the Secretary to provide negotiable marketing certificates as part of a loan deficiency payment.

The amendment was agreed to by voice vote.

Chairman de la Garza noted that the Committee had previous instruction to incorporate in the rice title an amendment offered by Mr. English to strike the authority of the Secretary of Agriculture to deny haying and grazing on conservation use acreage. The amendment was agreed to without objection.

Chairman de la Garza announced that he and the Ranking Minority Member, Mr. Madigan, were offering an amendment to freeze target prices for rice for fiscal years 1991 through 1995. He noted that the same amendment had been adopted earlier in the day for cotton. There was no discussion of the amendment, and it was agreed to by voice vote.

There being no further amendments, title III as amended was agreed to by voice vote.

Chairman de la Garza noted that this agreement was tentative and that members who may wish to offer additional amendments

to this title would be allowed to do so at any upcoming farm bill markup.

After thanking the Committee staff and representatives of the Administration for their input, the Chairman adjourned the markup.

Earlier in the day during the Committee's markup of the farm bill, an amendment by Mr. English was accepted which would deny haying and grazing on conservation use acreage. Mr. Huckaby amended the amendment to make it applicable not only to cotton but also to rice. The amendment was agreed to by voice vote.

DAIRY

HEARINGS

The Subcommittee on Livestock, Dairy and Poultry, held eight days of public hearings on the dairy provisions of the 1990 farm bill. The Subcommittee Chairman Representative Charles W. Stenholm, held field hearings in Modesto, California, on Monday, January 8, 1990; Seattle, Washington, on Tuesday, January 9, 1990; Syracuse, New York, on Wednesday, January 10, 1990; West Plains, Missouri, on Tuesday, January 16, 1990; Rochester, Minnesota, on Wednesday, January 17, 1990; and Harrisonburg, Virginia, on Thursday, January 18, 1990. Additional public hearings were held in Washington, DC, on Wednesday, March 21, 1990 and Thursday, March 22, 1990. The Subcommittee heard testimony from a total of 147 witnesses and received written testimony dozens more.

SUBCOMMITTEE CONSIDERATION

On Wednesday, March 21, 1990, the Subcommittee on Livestock, Dairy and Poultry met to consider legislative proposals pertaining to the dairy program. Chairman Stenholm and Ranking Minority Member Gunderson offered a substitute text for Title IV of H.R. 3950, and by unanimous consent it was agreed that the substitute be considered as original text for the purpose of amendment, and that the bill be open for amendment at any point. Following is a brief explanation of the provisions of the substitute text of the proposed federal dairy program for calendar years 1991 through 1995:

Section 401 contains the findings which state that U.S. dairy policy should foster a favorable economic environment for dairy producers, provide an adequate supply wholesome milk, and be national in scope.

Section 402 establishes a price support and inventory management program for calendar year 1991 through 1995.

Section 403 prohibits any State from using a milk manufacturing margin adjustment greater than that allowed by federal guidelines to establish a Grade A price for milk for manufacturing butter, nonfat dry milk, and cheese.

Section 404 directs the Secretary to evaluate the effectiveness and accuracy of the Minnesota-Wisconsin price series and, by January 1, 1993, to create a new price series to determine the minimum prices paid under milk marketing orders.

Section 405 establishes a commission to evaluate the federal milk marketing order system.

Section 406 requires the Secretary to make available quarterly evaluations of the acquisition and disposal of Commodity Credit Corporation purchases of dairy products.

Section 407 prohibits the Secretary from taking into consideration the market value of whey for the purposes of supporting the price of milk.

Section 408 provides that amendments made by this subtitle shall not affect any liability of any person under the section of statute that directs the Secretary to make price supports available to milk producers.

Section 409 addresses adjustment for seasonal production, hearings on amendments and the determination of milk prices.

Section 410 restates the legal status of producer handlers of milk.

Section 411 provides for the transfer of dairy products to military and veterans hospitals.

Section 412 extends the dairy indemnity program.

Section 413 directs the Secretary to sell for export not less than 150,000 metric tons of dairy products owned by the Commodity Credit Corporation.

Section 414 allows for petitions to be submitted by certain milk handlers who have been adversely affected by milk marketing orders.

Section 415 establishes a trust for the benefit of milk producers who have been adversely affected by the insolvency of milk processors.

The first day of the Subcommittee's business meetings consisted of discussions between Members of the Subcommittee and Administration officials regarding estimated CCC net removals of dairy products, anticipated production levels, and projected costs of the program.

On Thursday, March 22, 1990, the Subcommittee met again for the purpose of allowing the Administration to provide the Members with analyses of provisions of the Stenholm/Gunderson substitute.

The Subcommittee met again on Tuesday, April 3, 1990 to consider dairy provisions for inclusion in the 1990 farm bill. Chairman Stenholm applauded two announcements made by Secretary of Agriculture Yeutter since the Subcommittee last met. The first dealt with USDA's intention to hold national hearings on possible changes in federal milk marketing orders. The second announcement related to the establishment of a federal milk marketing order to cover North Carolina and South Carolina. Ranking Minority Member Gunderson joined Chairman Stenholm in applauding the Secretary's announcements, and restated his desire that the Subcommittee work toward the development of a national dairy industry resulting from a market oriented program that protects producer income. Representative Olin cautioned the Subcommittee not to change the fundamental character of the dairy program.

The Members of the Subcommittee reviewed production and cost projections with representatives of the Administration.

Representative Volkmer offered an amendment limiting the amount of any butterfat checkoff to the CCC purchase price of butter in effect during the twelve-month period. The checkoff would be applicable to butter marketed in excess of the producer's

production base. After clarification of the intent of the amendment, it was adopted by a voice vote.

Representative Volkmer offered an amendment establishing a nonfat dry milk checkoff program similar to the butterfat program contained in the Stenholm/Gunderson substitute. He explained that, while projected nonfat dry milk purchases are not expected to reach levels that would necessitate a checkoff, he preferred to be prepared with a contingency plan. After discussion among the Members and with the Administration, the amendment was rejected by a voice vote.

Representative Volkmer offered an en bloc amendment establishing a price support floor of $10.60 per hundredweight and a production base for each producer, with a butterfat checkoff instituted when CCC purchases are projected to exceed 5 billion pounds, and a mandatory two-tier program implemented when CCC purchases are expected to exceed 7 billion pounds. The amendment provided that milk marketed in excess of the assigned base would be priced at the difference between the price support and world market price. Chairman Stenholm questioned the potential for the valuation of production bases. Representative Volkmer had no objection to amendments that would prevent this. After further discussion of the amendment, Representative Volkmer acknowledged that the two-tier inventory management portion of the amendment was not presented in the appropriate language and asked for a separate vote on establishing dairy price supports at not less than $10.60 per hundredweight for calendar years 1991 through 1995. Members of the Subcommittee and representatives of the Administration discussed the potential additional costs of the amendment. Following the discussion, the amendment was adopted by voice vote. Representative Volkmer then asked for show of hands on the two-tier inventory management concept with assessments. Chairman Stenholm called for a show of hands for a two-tier program with assessments. Seven Members of the Subcommittee voted aye. The Chairman then asked for a show of hands for market clearing prices rather than assessments. Five Members supported this concept. The Chairman acknowledged the Subcommittee's preference for assessments.

Chairman Stenholm then asked for a show of hands on prohibiting transferred producer bases from acquiring value. Representative Volkmer voiced his concern regarding disallowing the transfer of base, for instance, to a family member, effectively requiring that family member to be only eligible for a new producer base. After stating that more work needed to be done on this concept, Chairman Stenholm rescinded the show of hands.

Representative Penny offered an amendment to exempt dairy products donated by the Commodity Credit Corporation to feeding programs and those sold in commercial channels from calculations that trigger alterations in the price support program. Representative Penny explained that the purpose of the amendment was to avoid price support decreases until all food distribution program needs were met. The discussions that followed involved the inclusion of the feeding program needs in the current 5 billion pound price support reduction trigger, attribution of costs of other commodity donations to the operation of related commodity price sup-

port, target price and marketing loans programs, and the effect of amendment on the estimated budget. Chairman Stenholm suggested that Representative Penny withdraw the amendment pending further clarification of the above issues. Representative Penny agreed and the amendment was withdrawn.

Representative Walsh offered an amendment providing the Secretary of Agriculture discretion to implement the type of standby inventory management program he deemed appropriate. Representative Johnson opposed the amendment because it might allow for another dairy termination program. The amendment was rejected by voice vote.

Representative Condit offered an amendment to strike Section 403 which eliminates the California make allowance. Ranking Minority Member Gunderson opposed the amendment stating that the dairy price support program is a national program designed to benefit producers; it is not a processor support program. Chairman Stenholm reluctantly opposed the amendment at the time. Representative Olin favored seeking a solution compatible with California's needs and the wishes of the Subcommittee. Representative Volkmer offered his support for the amendment. Ranking Minority Member Gunderson continued that California processors should be obligated to pay producers the minimum price support, presently $10.10 per hundredweight, if they wanted to sell product to the Commodity Credit Corporation. The amendment was defeated by a four to seven show of hands.

Representative Olin offered an amendment to establish price supports for 1991 at $10.10 per hundredweight, increase price supports should CCC purchases fall below 3.5 billion pounds milkfat and nonfat solids, decrease price supports when CCC purchases exceed 7 billion pounds, milkfat and nonfat solids, decrease price supports when CCC purchases exceed 10 billion pounds, milkfat or nonfat solids, and implement additional production adjustment measures when CCC purchases exceed 12 billion pounds, milkfat or nonfat solids, excluding the possibility of the slaughter of dairy cows. Questions and discussions on cost of the Olin amendment ensued. Ranking Minority Member Gunderson stated his opposition to the amendment. The amendment was rejected by rollcall vote of six to eleven.

Mr. Volkmer offered a formal amendment requiring implementation of a two-tier program when CCC purchase estimates exceed 7 billion pounds of milk, containing 260,000 pounds of milkfat or 600,000 pounds of nonfat milk solids, after establishment of a national marketing base. The base would be divided among producers based upon historical marketings. Producers would be paid a price equal to the world market price for over base marketings. The two-tier program would be abandoned when CCC purchases fall below 7 billion pounds. The amendment was adopted by voice vote.

Chairman Stenholm called a vote on the Stenholm/Gunderson amendment, as amended. The amendment was adopted by voice vote.

FULL COMMITTEE CONSIDERATION

On May 22, 1990, the full Committee convened in a business meeting to consider Title IV—Dairy. Chairman de la Garza recognized Mr. Stenholm—chairman of the Subcommittee on Livestock, Dairy, and Poultry—to offer an amendment. Mr. Stenholm offered a substitute for Title IV and by unanimous consent it was agreed that the amendment would be considered as original text for purpose of amendment and open to amendment at any point.

Mr. Stenholm explained that the substitute for Title IV was the same as the version agreed to by the Subcommittee with the exception that the price support and inventory management provisions contained in section 402 were replaced with provisions representing an agreement reached between himself, Mr. Gunderson, and Mr. Olin.

Mr. Stenholm explained a number of the provisions approved by the Subcommittee were derived from the report of the National Commission on Dairy Policy established by the Food Security Act of 1985. Mr. Stenholm outlined the provisions of the substitute and particularly focused on those contained in section 402. He emphasized that the legislation provides for a $10.10 per hundredweight support price floor for the period January 1, 1991 through December 31, 1995.

Mr. Stenholm also indicated that he had hoped to have been able to offer as part of the substitute an acceptable definition of the term "total solids basis" for specifying the method to be used for purposes of calculating the milk equivalent levels of Commodity Credit Corporation (CCC) dairy product purchases. In the absence of such a definition, the substitute included a provision requiring the Department of Agriculture to issue regulations defining the term. Mr. Olin expressed hope that such a definition could be agreed upon and included in the bill by the time Congressional consideration of H.R. 3950 was completed.

Mr. Gunderson—ranking minority member of the Subcommittee—as well as Representative Olin, spoke in favor of the compromise substitute offered by Mr. Stenholm.

Mr. Brown of California indicated his opposition to section 403 of the substitute offered by Mr. Stenholm. Section 403 of the Stenholm amendment would have prohibited any State from using a greater allowance to establish a Grade A price for milk for manufacturing hard dairy products than is used in the Federal dairy price support program. Messrs. Brown and Stenholm engaged in a colloquy during which they referenced a possible compromise on the issue and expressed hope that its consideration by the Committee could be delayed until members had the opportunity to consider alternative proposals. Mr. Condit indicated that he would offer an amendment to section 403 which he hoped would represent an acceptable compromise. Chairman de la Garza gave notice that in the event that the Committee approved the provisions of Title IV on that day, he would protect the right of Mr. Condit to offer an amendment to section 403 at a later time.

Mr. Johnson of South Dakota offered an amendment that consisted of a substitute for section 402 of the Stenholm amendment. The Johnson amendment provided that the minimum support price

would be $13.10 per hundredweight for calendar year 1991. On January 1 of each subsequent year through 1995, the Secretary would be required to adjust the price support level to reflect the percentage change in the general level in the preceding calendar year of prices for articles and services that milk producers buy, wages paid for hired farm labor, interest on farm indebtedness secured by farm real estate, and taxes on farm real estate.

The Johnson amendment also included a mandatory program for inventory management. Under the terms of that program, the Secretary would have been required to establish a marketing base for each milk producer (for each calendar year) equal to the product of: (1) 99 percent of the milk marketing history of the producer; and (2) a milk marketing allocation factor for the year which was to be a function of expected domestic and export needs. The amendment contained provisions by which county committees (established pursuant to section 8(b) of the Soil Conservation and Domestic Allotment Act) could allocate milk marketing bases to beginning and existing producers. The amendment provided that any producer marketing milk in excess of his or her production base would be subject to a reduction in the price received for each hundredweight sold in excess. The reduction would be equal to 75% of the price support rate. Funds obtained through the reduction would be remitted to the Commodity Credit Corporation.

Mr. Johnson noted that his amendment had been worked on by dairy farmer members of the National Family Farm Coalition and the National Farmers Union. He cited Congressional Budget Office estimates indicating that the amendment would result in savings of $200 million over five years compared to the provisions reported by the Subcommittee.

Mr. Stenholm spoke in opposition to the amendment expressing his belief that it was not the time to abruptly change the manner in which the dairy price support program is operated. Mr. Brown noted that the amendment would be vulnerable during floor consideration because it could have the effect of raising the retail price of milk products. Mr. Volkmer argued that the Johnson amendment would lead to support price increases as production costs rose. By a vote of 13 yeas to 28 nays, the Johnson amendment was not adopted by the Committee.

Mr. Volkmer offered an amendment as a substitute for the dairy title that consisted of the dairy provisions approved by the Subcommittee with some modifications. In addition, the amendment did not include the provisions contained in section 403 of the Stenholm amendment and of the Subcommittee approved version (relating to milk manufacturing allowances). The Volkmer amendment would have set the minimum support rate at $10.60 per hundredweight of milk. It would have required the implementation of a milk component production reduction program—if CCC purchases for any year were expected to exceed 5 billion pounds of milk equivalent (on either a milkfat or nonfat solids basis)—under which the price received by a producer would be reduced to the extent that he or she produced milkfat in excess of his or her base. The amendment would have also provided for adjustments in the price support rate dependent on anticipated purchases by the CCC. If for the coming marketing year, the Secretary estimated that purchases were to

exceed 5 billion pounds of milk equivalent (on a butterfat basis), the support rate would be reduced by 25 cents to 50 cents per hundredweight (subject to the $10.60 minimum). If purchases were estimated to amount to less than 3.5 billion pounds, the support price would be increased by 25 cents to 50 cents per hundredweight.

Under the Volkmer amendment, if purchases were estimated to exceed 5 billion pounds, the Secretary would be directed to implement an inventory management program. Under that program, each producer would be assigned a milk marketing base determined according to his or her marketing history. The producer would receive a reduction in price for any milk marketed in excess of the marketing base. The amount of the reduction would have been $3.00 per hundredweight of milk marketed.

Mr. Volkmer argued that the amendment would provide protection for farmer income that would not be available under the Stenholm amendment.

Mr. Stenholm opposed the amendment and mentioned specifically his opposition to any assessment against producers. Mr. Gunderson also spoke in opposition to the amendment. By a record vote of 14 yeas to 24 nays, the Volkmer amendment was not adopted by the Committee.

Mr. Gunderson offered an amendment to replace the provisions of section 416 of the Subcommittee text. The amendment was offered to better fulfill the intent of the Subcommittee in agreeing to the provisions. The provisions contained in the Gunderson amendment would change the Packers and Stockyards Act to require that handlers' receipts from the sale of milk and milk products received by handlers from producers be held in trust for producers who have not been paid by the handlers for the milk. Mr. Olin entered into a colloquy with Mr. Gunderson under which it was clarified that the requirement that milk and receipts from milk be held in trust was intended only to impact on situations in which handlers actually enter into bankruptcy proceedings. Mr. Gunderson stated that the trust is to only have effect once the handler files for bankruptcy. The Committee agreed to the amendment by voice vote.

Mr. Stallings offered an amendment to section 402 of the Stenholm substitute for the Dairy title. Under the Stallings amendment, the Secretary would be prohibited from conducting any evaluation of the use of assessments as a mechanism to decrease price support levels in preparing his inventory management report. The Committee agreed to the amendment by voice vote.

Mr. Volkmer offered an amendment to section 102 (price support and inventory management) of the Stenholm substitute for Title IV. The Volkmer amendment would have deleted the provisions calling for the Secretary to study options for inventory management and recommend to Congress his preferred method. The amendment also removed the provision directing the Secretary to implement the recommended inventory management program as proposed if Congress does not act to prevent or alter its implementation and if projected purchases are expected to exceed the threshold level of 7 billion pounds of milk equivalent, total solids basis. Instead, if for any of the years 1992, 1993, 1994, and 1995 CCC purchases were expected to exceed 7 billion pounds of milk equivalent, the Volkmer amendment would have mandated that the Secretary

implement a two-tier inventory management program. An assessment would be charged against any producer on milk produced in excess of his marketing history. Under the amendment, the assessment could be no higher than that level which would result in a producer receiving 75 percent of the support price for the excess milk.

The amendment would have required the Secretary to calculate the milk equivalent of CCC purchases on a total solids basis and specified the maximum weighting factors which could be applied in making such a calculation with respect to purchases of milkfat solids and of solids not fat.

Mr. Gunderson spoke during the consideration of the amendment saying that he would oppose it because it included an assessment against producers.

Mr. Stenholm also spoke in opposition to the amendment. He reiterated his contention that an inventory management program could be implemented more successfully if the Department has an opportunity to consider a variety of options. In addition, Mr. Stenholm voice his concerns regarding assessments being levied against dairy producers.

Mr. Olin also spoke in opposition to the amendment.

Mr. Johnson supported the amendment suggesting that what is needed is a plan for inventory management that penalizes those producers who contribute to the overproduction of milk. He also expressed his belief that a new study is not needed.

During the course of consideration of the Volkmer amendment, unanimous consent was granted for one conforming change each to the Volkmer amendment and to the Stenholm substitute for Title IV. The modification to the Volkmer amendment would have prohibited the Secretary from considering any inventory management plan that resulted in the sale of "any" dairy cattle rather than in the sale of "all" of a producer's dairy cattle. The Stenholm amendment was similarly modified. The Committee voted by a show of hands of 11 yeas to 14 nays not to agree to the Volkmer amendment to the Stenholm amendment.

Mr. Jontz then offered an amendment to the Stenholm substitute for Title IV that would have removed any authority of the Secretary of Agriculture to implement an inventory management plan and provided instead that any such plan could only be implemented pursuant to subsequent legislation. In support of his amendment, Mr. Jontz suggested that it should be the responsibility of the Congress to establish inventory management policy. Mr. Gunderson opposed the amendment on the basis that enactment of legislation implementing a two-tier plan could prove to be very difficult at a time when the conditions which make drastic inventory management necessary are present. Mr. Penny opposed the amendment on similar grounds. Mr. Olin opposed the amendment because he believed it would not afford dairy producers the program predictability they deserved. Mr. Morrison also spoke in opposition to the amendment. Mr. Volkmer spoke in support of the Jontz amendment suggesting that Congress should retain control over the structure and form of any inventory management program that is to be introduced. By a record vote of 22 yeas to 22 nays, the Jontz amendment was not adopted by the Committee.

Mr. Penny offered an amendment to the Stenholm substitute for Title IV. The Penny amendment would have required the Secretary, when calculating projections of CCC purchases, to subtract amounts of dairy products used in the Department's commodity donations programs (up to 3 million pounds, milk equivalent). Mr. Stenholm, while concurring with the author's intent, expressed concerns that provisions for its potential costs were not made and that its adoption could have substantial budgetary implications. After some further discussion, Mr. Penny agreed to withdraw his amendment and pursue alternatives.

The Chairman then put the question on the Stenholm substitute, as amended, which was adopted by the Committee by voice vote.

On May 23, 1990, the full Committee convened in a business meeting for the further consideration of Title IV—Dairy. Chairman de la Garza recognized Mr. Condit who offered an amendment as a substitute for section 403 of the provisions of Title I tentatively agreed to earlier by the Committee. The Condit amendment was to delete section 401(6) and the provisions of section 403 which prohibited any State from maintaining a manufacturing allowance for dairy products which is higher than that used in the Federal dairy price support program. Instead, the Condit amendment would require the Agricultural Marketing Service of the Department of Agriculture to conduct a study of state milk pricing programs and to submit the results to the Congressional agriculture committees. If the Secretary finds that maintenance of a "make allowance" by a State is disruptive to the Federal dairy price support program, then the Secretary may, after conducting public hearings, prohibit any State from maintaining a different manufacturing allowance. Any State affected by such a prohibition would have a right to appeal the decision. Mr. Panetta and Mr. Stenholm spoke in favor of the amendment. Mr. Gunderson spoke in opposition to the amendment noting that, among other things, the separate "make allowance" that is utilized in California has resulted in substantial and excessive CCC purchases of surplus products from dairy plants in that State. Mr. Walsh spoke in opposition to the amendment. Mr. Herger spoke in favor of the amendment. Mr. Olin spoke in favor of the amendment. Mr. Penny opposed the amendment as did Mr. Lewis. Mr. Nagle spoke in support of the amendment. By a record vote of 26 yeas to 18 nays, the Committee agreed to the amendment.

Session of June 13, 1990

Chairman de la Garza offered an amendment to section 404 of the dairy title of the bill relating to the Minnesota-Wisconsin (M-W) price series. Section 404 directs the Secretary of Agriculture to initiate the process of devising an alternative to the current M-W pricing series used as a basis for determining prices paid to farmers for milk under Federal marketing orders. The amendment offered by Mr. de la Garza provided for a 30 day period for public comment on a proposed replacement for the pricing series. The amendment would further require that the final version of the regulation implementing the new pricing series be submitted to the Congressional agriculture committees. Under the amendment, the rule implementing the new price series would take effect thirty legislative

days after the submission is made. The amendment was agreed to by the Committee by unanimous consent.

Chairman de la Garza offered amendments (offered en bloc by unanimous consent) to achieve necessary budgetary savings. One of the amendments modifies section 402 (Milk price support and inventory management program) to provide that the maximum CCC purchase price for butter was to be reduced to $.7735 from $.9825. The amendment also requires that the purchase price for nonfat dry milk be adjusted to ensure that the calculated support price for milk is maintained. During consideration of the amendments, Mr. Stenholm discussed the possibility of making changes in the feed barley income support program in order to allow for a less drastic reduction in the butter purchase price. Mr. Glickman explained that savings which would allow for such a modification could be achieved through an adjustment in the feed barley deficiency payment schedule. By unanimous consent, Mr. Glickman asked that the de la Garza amendments be modified to include a provision that allows for barley producer payments that would otherwise be made in FY 91 to be made in FY 92 and that provides that the maximum CCC butter purchase price be increased by an amount that takes advantage of the savings which accrue from the change in the barley payment schedule. Mr. Volkmer mentioned that the amendments in the absence of the change proposed by Mr. Glickman would result in devastation to the dairy industry. The Glickman modification was agreed to by unanimous consent. The amendments en bloc, as modified, were agreed to by voice vote.

Mr. Stenholm then offered an amendment to section 402 of the bill as amended to define the term "milk equivalent, total milk solids basis," to be in used in estimating CCC purchases for purposes of triggering various aspects of the dairy price support and inventory management provisions. The amendment would specify that the maximum weighting factor of the milkfat component of the calculation is to be 40 percent and the maximum weighting factor of the solids not fat component is to be 70 percent. The amendment further required that the weighting factors some to 100 percent. Mr. Volkmer said he believed that it was necessary to have a definition for the term included in the bill. Mr. Olin agreed that the definition should be accepted. The amendment was agreed to by voice vote.

Wool and Mohair

HEARINGS

The Subcommittee on Livestock, Dairy, and Poultry held several public hearings on the wool and mohair provisions for the 1990 farm bill. The Subcommittee, chaired by Representative Charles Stenholm, held a series of field hearings in Modesto, California on January 8; Seattle, Washington on January 9; Syracuse, New York on January 10; West Plains, Missouri on January 16; Rochester, Minnesota on January 17; and Harrisonburg, Virginia on January 18. In addition to these field hearings, the Subcommittee also held two days of hearings in Washington, D.C. on February 21 and March 8.

COMMITTEE CONSIDERATION

On March 22, 1990, the Subcommittee on Livestock, Dairy, and Poultry held a business meeting to consider a Committee Print of the provisions relating to wool and mohair to be included in H.R. 3950.

Mr. Stenholm asked unanimous consent that the substitute amendment offered be considered as original text for purposes of amendment. There were no objections.

After opening remarks, Mr. Stenholm offered the Stenholm-Gunderson amendment to Title V of H.R. 3950.

Mr. Stenholm summarized the provisions of the amendment. The provisions—

(1) extend the current Wool and Mohair Price Support program for the years January 1, 1991 through December 31, 1995;

(2) conform the referendum passage requirement of the Wool and Mohair Promotion Program to other national commodity consumer promotion, research and education programs.

Mr. Volkmer stated that he had questions concerning payment limitations under the wool program but was not prepared to offer an amendment. Mr. Stenholm assured him that he would be allowed to offer any amendment to the Wool Title in full Committee.

After brief discussion, the Subcommittee by voice vote agreed to report to the full Committee the Stenholm-Gunderson amendment to Title V of H.R. 3950.

On May 23, 1990, the full Committee considered Title V, Wool and Mohair, as reported by the Subcommittee on Livestock, Dairy, and Poultry.

Mr. Stenholm, Chairman of the Subcommittee on Livestock, Dairy, and Poultry was called upon by the Chairman to present the title. Mr. Stenholm explained that the proposed wool and mohair section of the farm bill essentially extended current provisions of the program for five years, but also included a "majority" producer referendum vote requirement for continuation of the promotion program authorized under the legislation. Without objection the Committee Print of Title V, Wool and Mohair was considered as original text for purposes of amendment.

Mr. Volkmer offered an amendment that would limit the total amount of payments under the wool and mohair program that a producer of wool and/or mohair could receive in any marketing year to $250,000. This amendment places the wool and mohair program under similar payment limits as other commodity programs. There was discussion on the amendment. The Committee agreed, by voice vote, to the Volkmer amendment.

Mr. Stallings offered an amendment that would, after the next referendum for the promotion programs, allocate 50 percent of the collected producer check-off funds to state organizations. Mr. Smith expressed his concern over reduced budgets of national organizations. Mr. Stenholm stated that his Subcommittee would hold hearings in the future to consider a national lamb promotion, research, and education bill and that this concern could be discussed at that time. After further discussion, Mr. Stallings, without objection, withdrew his amendment.

Mr. Stenholm then moved for the adoption of the Wool and Mohair title, as amended, and by a voice vote, the title was tentatively approved.

HONEY

HEARINGS

The Subcommittee on Livestock, Dairy, and Poultry, chaired by Representative Charles Stenholm, held several public hearings on the honey provisions for the 1990 farm bill for the purpose of considering the need for any changes in the present honey price support program. Field hearings were held in Modesto, California on January 8; Seattle, Washington on January 9; Syracuse, New York on January 10; West Plains, Missouri on January 16; Rochester, Minnesota on January 17; and Harrisonburg, Virginia on January 18. In addition to the regional field hearings, the Subcommittee also held two days of hearings in Washington, D.C. on February 21 and March 8.

SUBCOMMITTEE AND FULL COMMITTEE CONSIDERATION

The Subcommittee on Livestock, Dairy and Poultry met on March 22, 1990 to consider a legislative proposal for inclusion in H.R. 3950 as Title VI, Honey. After brief discussion, the Subcommittee agreed to report to the full Committee a 5-year extension of the current honey program with the price of honey to be supported through loans, purchases, or other operations at not less than 53.8 cents per pound.

On May 23, 1990, the full Committee considered Title VI, Honey, as reported by the Subcommittee on Livestock, Dairy, and Poultry. Mr. Stenholm briefly explained that the price support of honey would be maintained at the current level of support for the next five years. All other provisions of the honey program would be extended without change.

Mr. Stenholm offered technical amendments, en bloc, to the Honey Research, Promotion, and Consumer Information Act (7 U.S.C. 4602) for the purposes of improving the operation of the program under that Act.

OILSEEDS, WHEAT, FEED GRAINS, GENERAL COMMODITY PROVISIONS

COMMITTEE CONSIDERATION

Hearings

In formulating the 1990 farm bill, the Subcommittee on Wheat, Soybeans, and Feed Grains held extensive oversight hearings on the operations of the 1985 Food Security Act beginning in 1987. These hearings examined the effects of the legislation on producers, consumers, and marketers, users, and exporters of the commodities covered by the programs within the Subcommittee's jurisdiction. The Subcommittee took testimony at field hearings conducted in Indiana, Iowa, Texas, Montana, Oregon, Colorado, Kansas, North Dakota, and South Dakota.

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Subcommittee consideration

On March 27 and 29, and April 3, 4, and 26, 1990, the Subcommittee on Wheat, Soybeans, and Feed Grains met in business sessions to consider the wheat, soybeans, and feed grains titles of the 1990 farm bill.

On March 27, the Subcommittee held general debate and discussion about its portion of the farm bill. Chairman Glickman offered amendments in the nature of substitutes to the wheat, feed grains, and oilseed titles of H.R. 3950.

On March 29, the Subcommittee continued consideration of the legislation. Chairman Glickman discussed the budget constraints under which the Subcommittee would be operating. This was followed by a detailed discussion of the budgetary effects of Mr. Glickman's amendments to the wheat and feed grains titles of the bill.

Mr. Jontz offered an amendment which provided for the established prices for wheat and feed grains for the 1991 crops to be maintained at the levels in effect for the 1990 crops. For subsequent crops, the amendment provided for annual adjustments in the established price for the crops according to U.S. Department of Agriculture estimates of the cost of production inputs in each of the following three years. Mr. Penny proposed a perfecting amendment to Mr. Jontz' amendment to restrict the amount of bushels eligible to receive the adjusted established price to 40,000 bushels for corn and 27,500 bushels for wheat and comparable amounts for other feed grains.

After extended discussion about both amendments, the Penny amendment was agreed to by a voice vote. Chairman Glickman then put the question on the Jontz amendment as amended by the Penny amendment and the amendment as amended was adopted by voice vote.

The Subcommittee reconvened on April 3. After several questions concerning the amendments adopted at the previous Subcommittee session, Chairman Glickman announced that amendments adopted from that point forward were no longer tentative, but would represent final Subcommittee action.

Mr. English offered an amendment to delete from the 1985 Act a provision which allows the Secretary of Agriculture to prohibit haying and grazing on acreage idled under the annual wheat and feed grains program and devoted to conserving uses if the Secretary determines haying and grazing will have adverse economic effects. Mr. English's amendment was adopted by voice vote.

Mr. Marlenee offered an amendment whereby if the percentage of acreage idled under an acreage reduction program is increased to a level more than seven and one-half percent for wheat or twelve and one-half percent for feed grains, the established price for the respective crop would increase by 2.55 percent for each two and one-half percent in the ARP above the specified level. After some discussion, Mr. Glickman suggested adjusting the acreage reduction trigger for feed grains from 12.5 percent to 15 percent in order to ensure budget neutrality. Mr. Glickman asked and received unanimous consent to amend Mr. Marlenee's amendment. The question was then on the Marlenee Amendment as amended, which was adopted by voice vote.

Mr. Nagle offered an amendment to set basic loan rates for wheat and feed grains at 100 percent of the average market price, of the preceding 5 years excluding the highest and the lowest. After a very extensive debate and discussion, Mr. Nagle requested a roll call vote on his amendment. By a vote of 7 yeas to 9 nays the amendment was not adopted.

Ms. Long offered an amendment to set the basic loan rates for wheat and feed grains at no lower than 85 percent of the average market price of the preceding 5 years, excluding the highest and the lowest. A discussion followed, during which it was pointed out that the 85 percent level is the same as that applied to cotton and rice. Mr. Glickman then moved the question on the Long Amendment, which was agreed to by voice vote.

Mr. Marlenee offered an amendment to establish a unified target price for feed and malt barley. Mr. Marlenee explained that this would allow growers of feed barley to receive deficiency payments determined on the basis of prices received for feed barley only, and that it would save money as compared to the original bill. There was no discussion, and the amendment was adopted by voice vote.

Mr. Sarpalius offered an amendment which would increase target prices by 2 percent a year for the next five years. The effect, according to Mr. Sarpalius, would be to put target prices in 1995 approximately where they were in 1985. A discussion followed about the cost of the Sarpalius Amendment compared to other target price proposals before the Subcommittee. Mr. Glickman proposed and was agreed to table the amendment until the Subcommittee reconvened the next morning.

On April 4, the Subcommittee met to continue its consideration. Mr. Johnson offered an amendment to establish a marketing loan for sunflower seed, canola, and rapeseed at $0.12 per pound and give the Secretary of Agriculture discretion to lower the loan rate up to 10 percent a year if he determines it necessary based on oilseed market conditions. After a budgetary discussion, Mr. Johnson asked and was granted unanimous consent to withdraw his amendment.

Mr. English offered an amendment which would provide that if the budget for wheat and feed grains programs had to be cut under the Deficit Control Act of 1985, the cut would be carried out by raising the basic loan rates for these crops rather than by cutting their target prices. Mr. English suggested that a vote on the amendment be postponed until the Parliamentarian could be questioned about referral. Accordingly, the amendment was withdrawn.

Mr. Roberts offered an amendment to set the announcement dates for crop program conditions at June 1 for the Wheat Program (with 60 days for the Secretary to make adjustments in the initial announcement) and September 30 for feed grains (with 30 days allowed for adjustments). Cotton and rice announcement dates were deleted so as to allow the appropriate subcommittee to set them. After a very brief discussion, the amendment was approved by voice vote.

Mr. Penny offered an amendment to strike from the bill the Secretary of Agriculture's discretionary authority to lower basic loan rates for wheat and feed grains below 85 percent of the average market price. After extensive discussions, Mr. Penny withdrew his

amendment with the understanding that it would be taken up after a caucus of the entire Subcommittee.

When the Subcommittee reconvened, Mr. Penny offered a new version of his amendment which would eliminate discretion to lower the wheat and feed grains loan rates when stocks-to-use ratios are less than 20 percent. A stocks-to-use ratio between 20 and 29 percent would permit a 5 percent decrease in the loan rate; a ratio between 30 and 40 percent would allow a 10 percent decrease; and a ratio of over 40 percent would allow a reduction of up to 20 percent in the loan rate. After an extended discussion, Mr. Penny's amendment was adopted by voice vote.

Mr. Stangeland offered an amendment to authorize forgiveness of a portion of advanced deficiency payment refunds owed by feed barley producers to USDA. Mr. Stangeland offered to withhold his amendment to allow a cost estimate to be made, stating that he would offer it again at the full Committee level.

Mr. Marlenee offered an amendment which would allow producers the option of basing their participation in a crop program on the number of bushels they produce rather than the amount of their acreage. Mr. Glickman moved by unanimous consent to change the amendment so that number of bushels would be calculated based on program yields rather than proven yields. An inconclusive voice vote was taken, after which the amendment was rejected by a show of hands, 4 yeas to 7 nays.

Mr. Nagle and Mr. Emerson jointly offered two amendments to be considered en bloc. The amendments would establish a new price support program for soybean producers. Mr. Nagle explained that the amendment was intended to encourage U.S. soybean production by converting the current nonrecourse loan rate for soybeans into a marketing loan. The loan rate in the Nagle-Emerson soybean proposal would be set in conjunction with the target price for corn and the marketing loan rate for cotton and then only a portion of a producer's production, based on stocks-to-use ratios, would be eligible for the marketing loan. After further explanation of the amendment by Messrs. Nagle and Emerson, estimates of budget costs were discussed.

Mr. Grandy offered an amendment to the Nagle-Emerson amendment, which would stipulate that the costs of the program be offset on a pro rata basis by reductions in CCC loans and payments for other program crops.

Mr. Marlenee offered an amendment in the nature of a substitute to the Nagle-Emerson amendment. It would establish a program for soybeans and other oilseeds similar to the cotton and rice programs, establish a marketing loan rate for oilseeds, and provide incentives for producers of other crops to put part of their acreage into soybean or other oilseed production. Mr. Marlenee stated that the cost of the program would be largely offset by lower deficiency payments. Mr. Grandy announced his intention to offer the same amendment to Mr. Marlenee's amendment as he intended to offer to Mr. Nagle's substitute amendment. After a general discussion, Mr. Glickman suggested adjourning the session until a later date and the Subcommittee adjourned.

On April 26, the Subcommittee resumed its consideration. Mr. Marlenee proposed amending his earlier adopted amendment on

reciprocal target prices so as to raise the acreage reduction "trigger" for wheat from 7.5 percent to 10 percent. This change was projected to save $420 million over the five years of the farm bill. After a brief discussion, the amendment was accepted by unanimous consent.

Mr. Jontz offered an amendment to allow the redemption of generic commodity certificates by subsequent holders of certificates under the same rules that apply to their original holders. Mr. Jontz explained that whereas original owners of certificates are permitted to redeem expired certificates at 85 percent of their face value, the Department of Agriculture does not allow similar redemption by subsequent owners. Several Members asked questions about current procedures for redeeming certificates. A discussion ensued concerning whether Mr. Jontz's amendment would allow large grain companies to redeem certificates for cash. It was suggested that Mr. Jontz rewrite his amendment to narrow its application. Mr. Jontz withdrew his amendment.

Mr. Marlenee offered a different version of his earlier production base option amendment, which would give producers the possibility of establishing a bushel-based quota for participation in the wheat and feed grains programs. An extended discussion of the amendment followed; however, Mr. Marlenee withdrew the amendment in order to refine its provisions to meet the concerns of Members.

Mr. Volkmer offered an amendment to transfer from the Secretary to producers the ability to decide whether they will receive cash or commodity certificates as payment for their participation in wheat and feed grains programs. After a brief discussion, the Volkmer amendment was adopted by voice vote.

Mr. Glickman offered an amendment to set the target price for oats at $1.85 per bushel, 40 cents more than under current law but 27 cents less than the underlying bill. It would also provide that if the Secretary estimates that the oats crop in any given year will not meet domestic demand and imports are needed, producers may plant and harvest for sale oats planted on land designated for the acreage reduction program. Mr. Glickman moved the question on the amendment and it was adopted by voice vote.

Mr. Penny offered an amendment for himself and Mr. Volkmer which would stipulate that an increase in the target price be permitted in years in which the actual average market price exceeds the Congressional Budget Office baseline market price for wheat and feed grains. The amendment provided that the overall increase in target price in any one year could not exceed 5 percent, and the increased target price would only be eligible for a producer's first 40,000 bushels of corn and 27,500 bushels of wheat. Messrs. Penny and Volkmer explained their amendment in response to questions from other Members, and then a discussion of the budgetary effects of the proposal took place. After an extensive debate, Mr. Penny withdrew his amendment with the understanding that the issue would be revisited in the full Committee.

After a recess, the Subcommittee resumed its markup with Mr. Glickman offering an amendment on oilseeds. The amendment set the soybean marketing loan rate at $5.50 per bushel for the five-year duration of the bill, and removed the Secretary's discretion to reduce it 5 percent a year. It also provided a $.105 cents per pound

support price for sunflowers in 1991, with the Secretary retaining discretion to lower the price if the stocks-to-use ratio exceeds a certain level. For other oilseeds, the support price is established based on the relationship of their market price to the market price of soybeans.

Mr. Dyson offered an amendment to the Glickman oilseeds amendment which would permit the Secretary to reduce the soybean marketing loan price by 5 percent if stocks exceed 25 percent of use and directs him to increase the marketing loan by 5 percent if stocks to use fall below 25 percent. Members discussed the cost of the soybean marketing loan, and its possible effect on other commodity programs. Mr. Nagle suggested an amendment to Mr. Dyson's amendment providing that any decision by the Secretary to reduce the soybean marketing loan below $5.50 would be subject to Congressional review. This would give soybeans the same treatment already accorded to wheat and corn. Mr. Nagle's amendment to the Dyson amendment was adopted by unanimous consent.

After a discussion about the budgetary effect of the oilseeds proposal, Mr. Glickman moved the question on the Dyson amendment to the Glickman amendment. The Dyson amendment, as amended, was passed by voice vote.

After a recess, Mr. Johnson offered an amendment to the Glickman amendment to extend the 10.5 cents per pound support price for sunflower seeds to canola, rapeseed, safflower seed, flax seed and other oilseeds, and to provide that these support prices remain in effect for the duration of the farm bill. The Johnson amendment was adopted by voice vote. Then Mr. Glickman moved the question on the Glickman oilseed substitute as amended. It was accepted by voice vote.

Mr. Roberts offered an amendment to implement the administrative guidelines adopted by the Department of Agriculture with regard to the marketing of high moisture feed grain. Mr. Grandy offered a perfecting amendment to Mr. Roberts' amendment, which was adopted by voice vote. It was then passed by voice vote.

Mr. Volkmer, on behalf of Mr. Jontz, offered a revised version of Mr. Jontz's previous amendment concerning the redemption of certificates by other than the original holder. It would allow subsequent holders to redeem certificates owned before January 1, 1990. No single person could redeem more than $25,000 worth of expired certificates. After a discussion which highlighted potential complications, Mr. Volkmer suggested adopting the amendment with the understanding that it could be improved later, working with the Department of Agriculture. The amendment was adopted by voice vote.

Mr. Glickman offered an amendment on behalf of Mr. Jontz to require that the administrator of the Federal Grain Inspection Service to inspect and test all corn shipped in foreign commerce be tested to ascertain whether it exceeds accepted levels of aflatoxin contamination. Mr. Glickman briefly explained the amendment, which was then adopted by voice vote.

Mr. Emerson made a unanimous consent request on behalf of Mr. Marlenee that the Subcommittee instruct staff to develop cost containment options for the new oilseeds program.

Mr. Penny moved the adoption of the Glickman amendment to the farmer-owned reserve, which was adopted by voice vote.

Mr. Johnson then moved that the Subcommittee's bill be reported to the full Committee after technical and conforming changes were made in it. In the presence of a quorum, the motion was adopted by voice vote. After closing remarks were made, the Subcommittee adjourned.

FULL COMMITTEE CONSIDERATION

The Full Committee on Agriculture met in session on May 24, 1990, to consider Title IX, Wheat, Title X, Feed Grains, and Title VII, Oilseeds, as reported by the Subcommittee on Wheat, Feed Grains, and Oilseeds.

Between the time the Subcommittee finished its work on Titles IX, X, and VII, it became apparent that for the Agriculture Committee as a whole, the cost of the various programs would be well beyond the budget as recommended by the Budger Committee. For this and other reasons, the Chairman convened an Ad Hoc Committee. The Ad Hoc Committee fashioned a series of recommendations to be implemented in language at the Subcommittee level for consideration by the Full Committee. For the Wheat, Feed Grains, and Oilseeds Subcommittee, this proceedure resulted in the Glickman-Marlenee substitute amendment for the language as reported out of the Subcommittee to the Full Committee.

Title IX—Wheat

As explained by Mr. Glickman, the Glickman-Marlenee substitute differs substantially from the Subcommittee report in the following respects:

a five-year target price freeze, replacing the cost-of-production indexed target prices

deficiency payments calculated on the basis of a six-month average, replacing the five-month average

the basic loan rate is raised to and set at 85 percent of the market price, replacing the 75-85 percent of market price

Additionally, a "Findley-type" adjustment is retained based on a stocks-to-use ratio, with the adjustments to loan rate specified based on the magnitude of the ratio. This has the effect of reducing the Secretary's discretion on these adjustments. Similarily, the Acreage Reduction Program, ARP's, is based on a stocks-to-use ratio, with the ARP levels specified.

Without objection, the Glickman-Marlenee substitute amendment for Title IX was accepted as orginal text for the purposes of Full Committee Markup.

Mr. Volkmer offered an amendment that would increase the target price in-step with the market price, whereby maintaining deficiency payments at a constant level. The purpose of this is to allow the producers to gain the full benefit of any increase in the market price, and to achieve a constant budget expenditure thus maintaining the budget baseline for the Agriculture Committee. On a show of hands, this amendment was defeated, 8 yeas-19 nays.

Mr. Nagle offered an amendment to raise loan rates for wheat and corn and eliminate the Secretary's discretion to lower the loan

rates. The amendment also provides for a flexible producer target price such that for each one percent a producer reduces production on his/her ARP, a one percent increase would be received in target price. On a recorded vote, the amendment was defeated, 17-yeas and 28 nays.

Mr. Sarpalius offered an amendment which is a restatement of the individual producer flexible target price contained in Mr. Nagle's amendment. The wording of this amendment, however, would apply to both wheat and feed grains, the latter to be covered in Title X. Mr. Penny offered an amendment to Mr. Sarpalius' amendment which directs the Secretary to permit, at the producer's option, planting a program crop on a portion of the acreage otherwise required to be devoted to conserving uses if the producer agrees to a corresponding reduction in the acreage used to calculate deficiency payments. The discussion of these amendments included a discussion of the budget implications. It was agreed, without objection, to instruct staff to draft language to ensure the budget neutrality of the amendment as amended. It was also agreed, without objection, to have staff draft language to the effect that a producer's program crop base is protected if the producer choses the options of this amendment. By voice vote, the amendment of Mr. Penny was adopted. By voice vote, the amendment as amended was approved.

Mr. Huckaby offered an amendment to prohibit the Secretary from enforcing cross-compliance of program crops as a condition for eligibility for program payments or loans. Mr. Huckaby asked for and received unanimous consent that language applicable to both the wheat and feed grains titles be considered simultanously. Without objection, both aspect of the amendment were considered and the amendment was adopted by voice vote.

With no further amendments pending to Title IX, the Chairman called for the question on the wheat title as amended. The Full Committee adopted the Glickman-Marlenee substitute as amended by voice vote.

Title X—Feed Grains

Mr. Glickman offered the Glickman-Marlenee substitute as the markup vehicle for consideration by the Full Committee. Without objection the Glickman-Marlenee substitute was accepted.

Mr. Nagle offered an amendment to ensure that growers of hybrid seed corn are eligible for program benefits. Without objection this amendment was adopted.

Mr. Stallings offered an amendment that would require the Secretary to recalculate the market price of barley for 1988 and 1989, taking into consideration malting as well as feed barley, and then provides the Secretary the discretion, based on the recalculation of the market price, to determine the amount of deficiency (re)payment barley producers may need to repay. Discussion of this amendment revolved mainly around budget implications, which it was agreed could not be clarified at the moment. The amendment was agreed to by voice vote.

Mr. Huckaby asked unanimous consent that the staff be instructed to include language in Title X prohibiting the Secretary from enforcing cross compliance provisions. Since Mr. Huckaby's previ-

ous amendment on wheat in Title IX, which also contained the feed grain language, had been accepted by the Committee, the unanimous consent was granted.

The Full Committee accepted the Glickman-Marlenee substitute as amended by voice vote.

Title VII—Oilseeds

Without objection the Glickman-Marlenee substitute on Oilseeds was accepted by the Full Committee as the Committee markup vehicle.

Mr. Johnson offered an amendment to clarify the support price of oilseeds other than soybeans. This amendment was accepted by voice vote.

Mr. Marlenee offered, then withdrew, an amendment that would have listed each and every oilseed to be covered by Title VIII. However, after discussion, it was decided that staff would be instructed to make the list of oilseeds in the Glickman-Marlenee substitute consistent with the list in the print as reported by the Subcommittee. Without objection, the Chairman instructed the staff to make the needed technical changes.

There was considerable additional discussion regarding the program vs. nonprogram status of soybeans. Because of the prohibition against double-cropping of program crops, it is important to clarify whether or not soybeans are, in fact, a program crop. After discussion, it was determined that for purposes of the definition of "program crop", soybeans are not included.

With no further amendments pending, the Chairman put the question on the Glickman-Marlenee substitute amendment as amended. By voice vote, the Committee adopted the substitute amendment as amended.

The Full Committee on Agriculture met in business session on May 23, 1990, to consider amendments to the General Commodities Title, Title XI.

Mr. English introduced an amendment requiring the Secretary to submit to the Congress a financial assessment of the program changes made at the discretion of the Secretary. During the discussion of the amendment, it was pointed out that without careful wording, this amendment could be used by a producer or producer group to forestall the implementation of a program change issued by the Secretary. Likewise, the original wording of the amendment may have invited the full participation of OMB in the financial assessment of program changes. During a break in the deliberations of the Committee, Mr. English addressed these issues in the form of a substitute amendment. The substitute was further amended by unanimous consent to include language by Mr. Madigan to the effect that such studies could not be used by producers to thwart implementation of proposed program changes by the Secretary. The amendment as amended was accepted by voice vote.

Because the issue of flexibility of individual producer planting decisions is an issue which cross-cuts all commodities, and therefore a number of subcommittees, an Ad Hoc Working Group was convened by the Chairman for the purpose of addressing questions of flexibility. Mr. Huckaby introduced an amendment reflecting the work of the Chairman's Ad Hoc Working Group. As explained by

Mr. Huckaby, the Huckaby-Glickman amendment provides that land is eligible for flexing if it is wheat, feed grains, cotton, or rice program acreage, plus historic oilseed plantings. The amount of flexibility is set at 25 percent of a producer's base acreage plus historic oilseed plantings. However, this flexibility can not be used to increase a producer's program base. These flex acres are eligible for a commodity program loan, but would not be eligible for target price, i.e. deficiency payment, support. Crops which may be planted of the flex acres are specifically listed. The program is voluntary. The underlying purpose of this amendment is to provide producers with the flexibility to respond to market signals with respect to which crops to plant and how much to plant. Mr. Panetta offered an amendment to the amendment to clarify crops eligible for planting on flex acres and requiring the Secretary to make available the list of eligible crops. The amendment was accepted. Ms. Long offered an amendment that provides for flexing soybeans on to program crop acres but does not permit the reverse. Mr. Marlenee asked unanimous consent that language be incorporated into Ms. Long's amendment that would free all crops to flex when or if deficiency payments are not operative. The request for unanimous consent was agreed to and Ms. Long's amendment was accepted. Mr. Jontz offered an amendment to the Huckaby-Glickman amendment that provides for a five year agreement to plant conserving crops on flex acres and still be eligible for deficiency payments. Mr. Volkmer asked unanimous consent to change "five years" to "three or more years". This was agreed to. After discussion of the relationship of this amendment to aspects of the Conservation Title, Mr. Jontz withdrew the amendment to be considered along with the conservation issues. With no further amendments to the Huckaby-Glickman amendment the question was called and the amendment was accepted by voice vote.

Mr. Grandy offered a substitute amendment to the Huckaby-Glickman amendment that would strike a middle ground between triple base, the present program, and the advanced deficiency which acts as the floor on payments providing income support to farmers. After considerable debate on this amendment, during which the whole issue of flexibility and the triple-base option was again discussed, Mr. Grandy withdrew his amendment.

Mr. Marlenee offered an amendment in two parts. The first part addressed the inequity in payment limitations with respect to farm spouses. The amendment would make a spouse who meets all the requirements of a "person" eligible for a separate payment. The discussion of this part of the amendment revolved around estimates of direct and indirect costs that might result. The issue of how to cover these costs within the budget arose. Given the zero-sum nature of the budget, any costs introduced as a result of amendments means that cuts must be made elsewhere. After much discussion, during which the equity arguments of the proposed amendment were not questioned, Mr. Marlenee asked unanimous consent to withdraw the spouse equity part of this amendment. His request was agreed to.

The second part of Mr. Marlenee's amendment addresses the issue of continuity of payments on long-term ARP contracts where the original contractee is deceased. Currently, these payments can

not be passed along to inheriting family members. If a family member purchases a farm holding the ARP contract, the payment is similarly not transferable. Mr. Marlenee's amendment provides for transferability of these long-term ARP contracts. Discussion of this aspect of the amendment was favorable and the amendment was adopted by voice vote.

Mr. Huckaby offered an amendment which increases the time to build cotton and rice base from two to three years. Mr. Huckaby pointed out that this would move cotton and rice closer to other commodities in the time needed to build a program base. There was no discussion and the amendment was adopted by voice vote.

Mr. Glickman offered an en bloc amendment on the Farmer Owned Reserve (FOR). Much of the amendment was technical in nature. The substantive aspects of the amendment addressed stored CCC surplus stock and when these stocks should be moved into the market. The amendment provides that in the event of surplus stocks, CCC stocks will be moved into the market first, but that producers holding FOR stocks have the ability to continue to store these stocks, receive storage payments, and thereby have the ability to wait for a higher market price before selling. The discussion of this amendment involved the timing and release price for the CCC stocks, and the program mechanism for accomplishing the release. The issue of surplus CCC stocks suppressing market price and the "best" release time was thoroughly debated. The amendment also addresses the size and the timing of the rebuilding of the food security wheat reserve. Because of the sensitivity of market prices to the nature and size of surplus stocks, Mr. Glickman asked unanimous consent to withdraw the amendment pending further study. This was agreed to and the amendment was withdrawn.

Mr. Volkmer introduced an amendment to have USDA collect from producers during their regular ASCS signup, data on what they would like or what they would desire their individual commodity program base to be. This data is needed by the Committee for planning purposes, particularly with respect to issue of flexibility. The discussion was favorable and the amendment was adopted by voice vote.

Mr. Glickman reintroduced his amendment on FOR. He clarified his understanding of the issues from the previous discussion of this amendment. These issues involved the timing of the rebuilding of CCC's food security wheat reserve, and the procedures CCC should establish for the exchange of "certificates" should these be used to move surplus stocks to market. With these issues clarified the question was called and the FOR reserve amendment was adopted by voice vote.

With no further amendments to the Title, the question was on the title as amended. Title XI was adopted by voice vote.

The Full Committee on Agriculture reconvened in business session on May 24, 1990, to continue consideration of the print of various subcommittees. During this session two additional amendments to Title XI were considered.

Mr. Nagle offered an amendment which provides that producers of hybrid seed corn be treated, for purposes of commodity program consideration, as any other corn producer. This issue has in the past been particularly relevant for consideration of disaster assist-

ance eligibility. There being no objection to this amendment, the amendment was accepted.

Mr. Tallon offered an amendment to assure that multi-year setaside acreage is adequately covered by a protective crop which contributes to soil fertility, reduces problems of water quality, improving wildlife habitat, or making forage available in the event of drought emergency. During the discussion, several clarifying language changes were accepted by Mr. Tallon. These involved wet lands, which are not included in the multi-year setaside program by virtue of this amendment, and deletion of a reference to a State Technical Committee, which is included in the Conservation Title not yet considered by the Full Committee. With these clarifications, the amendment as amended was accepted by voice vote.

PEANUTS

SUBCOMMITTEE CONSIDERATION

On March 27, 1990, the Subcommittee on Tobacco and Peanuts held a business meeting to consider a Committee Print of the provisions applicable to the Peanut Program, which would be incorporated in the 1990 omnibus farm legislation. Chairman Rose explained that, without objection, the Committee Print would be used as the markup vehicle. There was no objection.

After introductory remarks by Chairman Rose, Mr. Combest discussed his support for the Committee Print, especially in view of the efforts which have been made to address the particular concerns of growers in Texas.

Mr. Tallon, after discussing his support for the Peanut Program generally, noted his desire to attempt some fine-tuning of current peanut laws, particularly with respect to quality issues. However, Mr. Tallon also stated that changes should be made only if there is a guarantee that peanut growers receive an adequate price support level.

Mr. Grant stated his concern that the Peanut Program remain fair for peanut growers, allowing growers to produce a quality product. In mentioning several provisions that he felt were important in achieving a successful Peanut Program, Mr. Grant also indicated that he was aware of ongoing industry and grower discussions.

Mr. Lancaster expressed the desire that any consideration of remaining issues occur expeditiously as he believed that all groups—from manufacturers, to shellers, to grower representatives—were generally pleased with the operation of the present Peanut Program.

After conclusion of these introductory remarks, the Chairman called upon Subcommittee counsel to summarize the major provisions of the Committee Print.

At the conclusion of the explanation of the Committee Print, Chairman Rose indicated that there were additional points which several members wanted to discuss prior to moving adoption of the Committee Print.

Mr. Hatcher informed the members of the Subcommittee that he had discussed with several members of the Tobacco and Peanuts Subcommittee his feeling that it was important there be a unified

base of support for the Peanut Title, prior to floor consideration. He also indicated that he had spoken at length with peanut growers from Georgia and manufacturers concerning the necessity of minor changes to the Committee Print. Mr. Hatcher further indicated that at this time he was not able to enunicate any changes he would ask for a vote on, and in the alternative, asked the Chairman to adjourn the Business Meeting to facilitate additional discussion between grower, sheller, and manufacturing sectors.

Chairman Rose adjourned the subcommittee, subject to the call of the Chair.

The Chair resumed consideration of the Committee Print on March 29, whereupon the Chairman called upon staff to explain a change in the Committee Print, establishing the date for the contract deadline for additional peanuts as August 1, the same as in current law. After an inquiry by Mr. Combest, established no change in the Committee Print regarding provisions applicable only to Texas, the Chairman recognized Mr. Hatcher.

Mr. Hatcher stated his belief that, in order to minimize dissension on the floor of the House, it was necessary to expand support for the peanut laws to include other interests. After expressing his disappointment that representatives of all peanut industry interests were unable to reach agreement on several points, Mr. Hatcher discussed at some length the importance of the Peanut Program to his Congressional District, noting specifically that his growers were concerned about continuation of a price support level of $631 a ton, and continuation of a cost of production escalator. He further indicated that he had an amendment in the nature of a substitute for the Committee Print which he wanted to discuss on the record.

The Hatcher Amendment in the nature of a substitute determination of the national poundage quota would also be based upon the quantity the Secretary of Agriculture determined represented an adequate carryover for the remainder of the marketing year, as well as adjustments to account for historic deliveries of undermarketings by producers;

allowing the export or crush of sound split kernel peanuts, and sound mature kernel peanuts, in a quantity equal to the whole poundage of peanuts purchased by the handler as additional peanuts, with no limitation imposed on the amount of sound splits delivered by producers, or discounts imposed on the prices paid to producers for such peanuts based on the proportion of sound splits to sound mature kernels, provided however that premiums could be paid for deliveries of peanuts with fewer sound splits proportionally than sound mature kernels;

a contract deadline of December 15 for the purchase of additional peanuts for crushing, export, or both, with a delivery prior to this date by producers to a commercial handler who has supplied letters of credit sufficient to cover such purchases deemed to satisfy the contractual requirement;

allowing handlers of peanuts to report and account to the Secretary for the actual export or crushing of additional peanuts by commingled quantities of such peanuts, and not by identity preserved lots, with handlers of peanuts permitted to transfer contract addi-

tional peanuts to other handlers as often as was necessary to accomplish the export or crush of transferred additional peanuts;

establishing the national average quota support rate in 1990 as the same in 1991, with adjustments of up to 12% in crop years 1992 and 1994, and in 1993 and 1995, the same quota support level as the preceding crop year;

directing the Secretary of Agriculture, beginning in 1991, to take appropriate action to improve the quality of edible peanuts, using, for example, quality differentials which provide the proper incentives for producers to grow and market high quality peanuts and the reduction of loose shelled kernels from entering farmer stock peanuts;

further directing the Secretary to use the 1990 average base grade and the 1990 price support level for peanuts, adjusted as required in this Act, for the purpose of setting quality price differentials, with such changes in grades and price support differentials reflecting an average price to producers which is the same or greater than it would have been if the changes in quality, grade, and price had not been made;

directing the Secretary of Agriculture to encourage chemical or more effective objective analysis of farmer stock peanuts for substances which raise health issues, and after receiving recommendations from the Peanut Regulatory Advisory Committee, establishing acceptable levels for such substances in farmers' stock peanuts;

directing the Secretary of Agriculture to encourage the crushing of peanuts at a greater risk of deterioration before peanuts at a lesser risk;

allowing the Secretary of Agriculture to direct the sale of loan association peanuts where the Secretary finds prices offered for loan peanuts of certain types and quality equal or exceed the minimum sales price for quota peanuts of such types and quality and that commercial sales of peanuts are following the same trend, with the Secretary's determination triggering bids for such lots of peanuts equal or in excess of such sales prices considered fair bids, with the peanuts to be delivered to the successful bidder in a timely manner;

directing the Secretary of Agriculture to promulgate regulations permitting handlers of peanuts who manufacture peanut products from domestic edible peanuts to export such products, receiving full credit for export obligations for the peanut content of such products, up to the amount thereof, equivalent quantities of additional peanuts of the same type acquired by the handler and used in the domestic market, by crop year;

directing the Secretary of Agriculture to establish a Peanut Regulatory Advisory Committee, to be composed of 16 members, 8 of which would be active peanut farmers, four representing the peanut shelling community, and four representing the manufacturing industry, with members appointed through a nominating process, with the nominating process to take into consideration the relative volumes of peanuts produced in each state and area, terms running through the 1995 marketing year; and

mandating that the Peanut Regulatory Advisory Committee periodically review all existing and proposed regulations governing peanut program operations, determining the extent to which such

regulations affect the free flow of peanuts in the markets, and facilitate the exportation of peanuts, further requiring the Secretary to consult with the Advisory Committee prior to promulgating any regulations, except that the Peanut Regulatory Advisory Committee was not authorized to consult with, counsel or advise the Secretary relative to any national poundage quota or price support determinations, with the Federal Advisory Committee Act inapplicable to the Peanut Regulatory Advisory Committee, and the Committee to meet not less than every six months.

While not formally calling for a vote on his amendment, Mr. Hatcher did express the desire that members favorably consider the aforementioned points for further discussion. The Chairman thanked Mr. Hatcher for providing the Subcommittee with material which could be discussed in the future, but expressed the concern that he did not want the growers to make unreasonable compromises unfair to their basic livelihood.

Mr. Hatcher further discussed concerns that had been raised regarding compromises made by peanut product manufacturers. He pointed out that peanut product manufacturers, in exchange for the provisions in his amendment, had agreed to support a bill that contained continuation of supply management, as well as their support for a price support level of $631, instead of a lesser figure, and finally, their support for some form of a cost of production escalator.

Mr. Tallon and Mr. Stenholm expressed their support for the Chairman's statement that he would continue to consider the various issues, hoping that manufacturers could be persuaded to fully support the Peanut Program.

Mr. Grant critiqued several points contained in the Hatcher Amendment, noting that certain fundamental differences exist between growers and manufacturers which are always a part of any discussion concerning the Peanut Program, namely that manufacturers want prices to be lower and the producers wanting prices to be higher.

Following this discussion, Mr. Hatcher moved to amend the Committee Print, to change the contract date in the Committee Print for additional peanuts from August 1st to December 15th, noting that the National Peanut Growers Group and the Georgia peanut farmers he represents both expressed the desire that the contract deadline for additional peanuts be December 15th. The amendment failed on a voice vote.

The Chairman then moved that the Committee Print be adopted by the Subcommittee, and it was, by a voice vote.

FULL COMMITTEE CONSIDERATION

On May 2, 1990, Chairman de la Garza convened the full Committee in a business meeting for the purposes of beginning the bill's markup. After making opening statements regarding procedures to be followed by the Committee, Chairman de la Garza recognized Mr. Rose to present the Peanut title provisions recommended by the Subcommittee on Tobacco and Peanuts. Mr. Rose made opening comments in explanation of the Subcommittee's recommendation.

Mr. Grant spoke in support of the program and mentioned that any benefits realized from its dismantling would accrue to America's competitors. He urged the Committee's support of the Subcommittee's proposal. Mr. Harris, Mr. Hatcher, and Mr. Lancaster also made statements in support of the recommendation. Mr. Huckaby was also recognized and commended the Subcommittee for its work. Mr. Huckaby and Mr. Rose engaged in a brief colloquy with respect to the operation of the program. Mr. Stenholm and Mr. Holloway also spoke in support of the Subcommittee's proposal. Mr. English expressed his strong support for the program and commended Mr Rose for his work.

Following discussion of the proposal presented by Mr. Rose, the question was taken on the substitute for the Peanut title recommended by the Subcommittee. By voice vote, the Committee approved the Subcommittee's recommendation.

TRADE

HEARINGS

In preparation for the trade title of H.R. 3950, the Subcommittee on Department Operations, Research, and Foreign Agriculture held a joint hearing with the Subcommittee on Tobacco and Peanuts and the Subcommittee on Wheat, Soybeans, and Feed Grains, on Thursday, November 16, 1989.

The Subcommittee on Department Operations, Research, and Foreign Agriculture held a joint hearing with the Subcommittee on International Economic Policy and Trade of the Committee on Foreign Affairs on Wednesday, March 21, 1990. The hearing focused on reauthorization of the P.L. 480 food aid program.

SUBCOMMITTEE CONSIDERATION

On April 25, 1990, the Subcommittee on Department Operations, Research, and Foreign Agriculture met in a business session to consider legislation on food aid and trade to be included in Title XII of H.R. 3950, the Food and Agricultural Resources Act of 1990. Chairman George E. Brown, Jr. opened the title for consideration by stating that a substitute for title XI of H.R. 3950 had been prepared and used for the markup document.

After a brief explanation by the staff of the provisions contained in the substitute, the Subcommittee proceeded to consider amendments to the substitute.

Mr. Glickman discussed the provision which allows limited participation in export programs for products which contain foreign components and the need to further refine the amount of foreign component which is allowed. Mr. Glickman offered an amendment which limits the amount of foreign components to a "de minimis" level. The amendment was agreed to without objection.

Mr. Stenholm offered an amendment which instructs the Department of Agriculture to develop a methodology for determining the world price of livestock and livestock products in order to assist in determinations for these commodities under the export enhancement program. The amendment was agreed to by a voice vote.

Mr. Jontz offered an amendment provide private voluntary organizations under title II of P.L. 480 with 2% of appropriated funds under that title to offset the costs of their distributing food. The amendment was defeated by a show of hands.

Mr. Jontz offered an amendment to delete from existing docket requirements multi-year, non-emergency programs under title II of P.L. 480. After discussion, the amendment was withdrawn by unanimous consent with the understanding that it could be brought up at full Committee.

Mr. Jontz offered an amendment, on behalf of Mr. Penny, which changes the eligibility requirements for countries under title I of P.L. 480. Mr. Volkmer offered an amendment to the amendment to retain the eligibility requirement that countries have to be "friendly" as well as meeting the "least developed" standard being sought in the Jontz amendment. The Volkmer amendment was agreed to without objection. Mr. Volkmer offered an amendment to strike the second paragraph of the amendment dealing with the definition of "least developed country." The Volkmer amendment was agreed to without objection and the Jontz amendment, as amended was then adopted by voice vote.

Mr. Stenholm moved the adoption of the substitute, as amended. By a voice vote, in the presence of a quorum, the substitute as amended, was agreed to.

COMMITTEE CONSIDERATION

On Wednesday, May 9, the Committee on Agriculture met, pursuant to notice, to consider the title of H.R. 3950 dealing with food aid and trade, as reported by the Subcommittee on Department Operations, Research, and Foreign Agriculture (DORFA).

Chairman de la Garza called the meeting to order and asked unanimous consent that Title XI as reported from the Subcommittee be considered original text for purpose of amendment and that the title be open for amendment at any point. There was no objection to the unanimous consent request.

Mr. Brown, Chairman of the DORFA Subcommittee, was recognized and offered an amendment to prohibit the diversion of agricultural exports under the Export Enhancement Program and the export credit guarantee programs. He explained that the amendment requires that the Secretary of Agriculture ensure arrival of U.S. agricultural commodities at the specified destination country and provides for sanctions against exporters and countries should the commodities fail to arrive. After some discussion, the amendment was agreed to by voice vote.

Chairman de la Garza offered an amendment that required that any uses of foreign currencies derived from a PL 480 Food for Peace currency use payment be reimbursed by appropriations to the Commodity Credit Corporation. He explained that this was a technical amendment. Mr. Madigan moved adoption of the amendment, and it was approved by voice vote.

Mr. Volkmer was then recognized to offer an amendment. He stated that the purpose of the amendment was to ensure that no PL 480 Food for Peace funds could be used for abortions or to motivate or coerce any person to practice abortions. He stated that

identical language was contained in the Foreign Assistance Act of 1961. The Committee agreed to the amendment by voice vote.

Mr. Jontz was recognized and offered an amendment to the PL 480 Food for Peace debt forgiveness provision. He stated that the language being considered by the Committee provided the President, on a case-by-case basis, authority to forgive debt of certain countries if such countries were pursuing policy reforms to promote economic growth and if (1) an International Monetary Fund standby agreement was in effect for the country, (2) a structural adjustment program of the International Bank for Reconstruction and Development or of the International Development Association was in effect, or (3) a structural adjustment facility or enhanced structural adjustment facility with the International Monetary Fund was in effect. He explained that his amendment would add a fourth provision to allow the President to provide debt forgiveness if the above programs were not in effect if, in the President's judgment, the country was pursuing national economic policy reforms which would promote democratic and sustainable economic development.

The Committee questioned the sponsor of the amendment on the definition and interpretation of the term "sustainable." Following this discussion, Chairman de la Garza suggested refining the amendment for introduction at a later time, and Mr. Jontz then withdrew the amendment.

Mr. Madigan was recognized and asked Committee staff to comment on the language of the title pertaining to authorization of appropriations. The Committee staff stated that authorization for appropriations would not count against the Committee on Agriculture's budget allocation.

Mr. Jontz was then recognized to offer an amendment. He explained that the amendment pertained to an issue that was not resolved at the Subcommittee level. The amendment would provide that the private voluntary organizations distributing commodities through Title II of the PL 480 Food for Peace program receive not less than $10 million and not more than $13.5 million for meeting specific administrative, management, personnel and internal transportation and distribution costs in foreign countries.

Mr. Glickman discussed the need for the PVOs to justify these funds. Chairman de la Garza stated that this was the intent of the Committee, and recognized Mr. Roberts, who then offered an amendment to the Jontz amendment providing that the funds would be subject to the approval of the President. Mr. Roberts explained that his amendment would ensure that a request by the PVOs would be acted on favorably once it had been approved by the President.

The Roberts perfecting amendment to the Jontz amendment was agreed to without objection. The Committee then agreed to the Jontz amendment without objection.

Mr. Lancaster was recognized to offer report language on Title XII. He stated that in hearings held last year by the Committee on Agriculture and the Committee on Foreign Affairs concerns had been raised regarding the possible disincentive to agricultural production that may occur within countries which receive food aid. He proposed language to be contained in the Committee report that re-

quests the Administration to develop a formal process of evaluating the effects of food aid on the developing country's agricultural sector. There was no objection to the insertion of this language in the Committee report.

Mr. Penny then offered a three-part amendment. He explained that the amendment (1) retains the self-help requirements for donation of agricultural commodities only and delinks the self-help requirements from the concessional sales provisions, (2) strikes self-help measures relating to promotion of activities reducing childhood morbidity and mortality, oral rehydration and education programs and inserts instead support for programs improving the health of the poor, focusing on the special health needs of children and mothers, and (3) urges the President in making commodities available under PL 480 to consider the time of local harvest and other concerns determined to be appropriate by the President.

Committee discussion ensued with concerns expressed on the purpose and impact of the first part of the amendment. Mr. Penny offered to withdraw that portion of the amendment which delinked the self-help requirements for concessional sales. The Committee then approved the amendment by voice vote.

Mr. Holloway sought permission to introduce an amendment to the title. He explained that his amendment clarified that no agent representing a country which is the recipient of PI 480 Food for Peace commodities could be a purchasing agent and a shipping agent on any one transaction. The Committee discussed the amendment and requested comment from the U. S. Department of Agriculture. The USDA spokesperson explained that the Holloway amendment would not alter existing Departmental regulations and that the language in the draft legislation moved in the direction of proposed Departmental regulations recommended by the USDA's Office of Inspector General.

The Holloway amendment was rejected by voice vote.

Mr. Panetta then offered an amendment that requested the Secretary of Agriculture to conduct a study of the impact of consignment sales of foreign roses and fresh cut flowers on the domestic industry. Following comment by several members of the Committee, the amendment was accepted by voice vote.

Mr. Penny was recognized to offer an amendment which required that the President submit to the Congress on World Food Day, October 16 of each year, a report assessing progress towards food security in each country receiving U.S. food aid. The amendment was agreed to by voice vote.

Mr. Roberts sought and received permission for Mr. Emerson to offer an amendment relating to the PL 480 Food for Peace program at a later date.

Mr. Volkmer offered an amendment which he explained would treat wood and processed wood products on equal par with any other agricultural commodity in the Department of Agriculture's export credit guarantee programs and Section 108 private sector activities of the PL 480 Food for Peace program. The amendment also required that the Secretary report to the appropriate committees of the Congress on the use of these products. He noted that although current law allowed use of wood and processed wood products in

these programs the amendment was needed to emphasize the Committee's interest in increased use of these commodities.

Mr. Volkmer asked and received unanimous consent to amend his amendment to require that the report requested of the Secretary of Agriculture be sent specifically to the House Committee on Agriculture and the Senate Committee on Agriculture, Nutrition and Forestry. The Volkmer amendment was agreed to by voice vote.

Chairman de la Garza offered an amendment on behalf of Mr. Jones of North Carolina. The amendment stated that fish and fish products that are harvested by a vessel registered in the United States are considered United States agricultural commodities for the purpose of the export trade programs of the U.S. Department of Agriculture. There was some discussion as to whether a foreign company could register a fishing ship in the U.S. and qualify for benefits under the export programs. As a result of this discussion, Chairman de la Garza withdrew the amendment until the matter could be clarified by the sponsor of the amendment.

Mr. Gunderson was recognized to offer an amendment which he explained was non-binding language declaring it to be the policy of Congress that it is in the public interest that efforts be made by federal officials to negotiate the removal of European Community export subsidies on pork. When questioned by the Committee, a representative of the office of the U.S. Trade Representative noted that the Trade Act of 1988 established Uruguay Round negotiating objectives and expressed concern about targeting one particular product for negotiation of the removal of subsidies on that product. There was considerable Committee discussion regarding the merits of the amendment. Additionally, Chairman de la Garza expressed his concern over the jurisdiction of another Congressional committee should the amendment be adopted.

Following the Committee discussion, Mr. Gunderson asked unanimous consent to withdraw the amendment and revise it in a manner that may be acceptable to the Committee.

Mr. Grandy sought and received permission to introduce an amendment to provide that the Secretary of Agriculture establish as an objective to expend at least 25 percent of Export Enhancement Program funds for poultry, beef, pork meats and meat-food products, fresh and processed fruits and vegetables and other high-value agricultural commodities and value-added products.

The Committee discussed whether the purposes of the export enhancement program, which are to target unfair trade practices, would be undermined by the earmarking of a portion of EEP funds as set forth in the Grandy amendment and expressed concern over the listing of specific commodities.

Mr. Grandy asked for and received unanimous consent to amend his amendment to strike the listing of commodities and refer only to high-value agricultural commodities and value-added products of U.S. agricultural commodities. The amendment was adopted by voice vote.

Mr. Stenholm was recognized to offer an amendment to provide that in the event the Export Enhancement Program is used for dairy cattle or other appropriate livestock that priority for bonuses shall be given to those proposals that include herd management

training, veterinary services, nutritional training and other technical assistance. He asked for and received unanimous consent to amendment his amendment to make it applicable also to other appropriate livestock. The amendment, as amended, was agreed to by voice vote.

Chairman de la Garza announced that Mr. Jontz had arrived at a compromise on the amendment he had withdrawn earlier concerning debt forgiveness for certain PL 480 Food for Peace recipient countries. Mr. Jontz was recognized to explain the compromise. He stated that in addition to the three conditions contained in the draft legislation on which the President could provide debt forgiveness his amendment provided that the President could also consider (even though neither of the three conditions were in effect) whether the country was pursuing national economic policy reforms which would promote democratic, market oriented and long-term economic development. The Committee agreed to the amendment by voice vote.

Chairman de la Garza stated that changes had been made to the fish amendment he had offered on behalf of Mr. Jones and had withdrawn earlier in the day. The amendment, as amended, required that fish would be considered a U. S. agricultural commodity if harvested by a documented fishing vessel as defined in Title 46 of the U.S. Code. He explained that this law required that such vessels, prior to 1988, had to be owned and operated by a U.S. citizen and that for registration after 1988, owned, operated and built in the U.S. There was no objection to the amendment as amended.

Following the morning session, the Committee on Agriculture convened in the afternoon to consider other export trade provisions of Title XII. Chairman de la Garza called the meeting to order and recognized Mr. Schuette.

Mr. Schuette offered an amendment to require the Secretary of Agriculture, in consultation with the U.S. International Trade Commission, to complete a study within 240 days after enactment of this bill to determine the competitiveness of the domestic red tart cherry industry, the effect of the European Community's restriction on imported red tart cherries, extent of unfair trade practices on impeding domestic exports and extent to which imported red tart cherry concentrate has been sold in this country at a price that constitutes an unfair trade practice.

After concern was expressed by Chairman de la Garza over possible committee jurisdictional issues, Mr. Schuette agreed to strike a portion of his amendment relating to required actions of the U.S. Trade Representative and the Secretary of Commerce. The amendment as amended was agreed to by voice vote.

Mr. Johnson of South Dakota was recognized to offer an amendment. He stated that his amendment required the Secretary of Agriculture to establish a Market Development Task Force composed of representatives from the Federal agencies involved in exporting American commodities to develop a Federal comprehensive strategy for exporting processed agricultural products.

Mr. Madigan asked and received unanimous consent to amend the Johnson amendment to provide the Secretary of Agriculture discretion in choosing whether to employ additional staff to assist the Task Force.

The Committee discussed the propriety of the Task Force acting as advisor and consultant to the Congress in view of the separation of authority between the Executive and Legislative branches of government. Following this discussion, Mr. Johnson asked for and received unanimous consent to strike this language from his amendment.

Mr. Roberts sought recognition to offer an amendment providing relief from unfair trade practices used by U.S. competitors. He explained that the amendment required the Secretary of Agriculture to make available some or all of the USDA commercial export promotion programs to offset an unfair trade practice when certain procedural and technical maneuvering in an international trade organization, such as the General Agreements on Tariffs and Trade, did not provide relief to the affected agricultural sector. As a result of concerns previously expressed by the Administration regarding mandates of the Secretary, Mr. Roberts asked unanimous consent to provide discretionary authority to the Secretary to use the export promotion programs to combat the unfair trade practice. The Committee agreed by voice vote to the amendment as amended.

Mr. Grandy was recognized to offer an amendment which required the Secretary of Agriculture to set-aside a certain percentage of Targeted Export Assistance funds for four regional nonprofit export trade associations (Eastern U.S. Agricultural Food Export Council, Southern U.S. Trade Association, Mid-America International Agricultural Trade Council and Western U.S. Agricultural Trade Association). Percentage funding would be 10 percent for FY 1991; 11 percent for FY 1992; 12 percent for FY 1993; 13 percent for FY 1994; and 14 percent for FY 1995.

Mr. Grandy explained that the amendment was needed because the four associations now receive in the aggregate 6.8 percent of TEA funds and this amount is available for over 400 companies, many of which are small businesses. Discussion followed on the types of companies being assisted through the regional trade associations and the proposed change of policy regarding earmarking of funds which are required to be used to counter or offset unfair trade practices. Members also questioned whether the amendment as presented correctly indicated the intent of the sponsor. Mr. Grandy asked for and received unanimous consent to withdraw the amendment in order to make needed changes acceptable to the Committee.

Chairman de la Garza recognized Mr. Stallings for the purpose of offering an amendment. Mr. Stallings explained that his amendment was a sense of Congress resolution relating to the objectives of the Uruguay Round and offering guidance to the Administration in protecting American agriculture in arriving at any agreement in this Round. The amendment also required a report to Congress within 30 days of any agreement being concluded.

Chairman de la Garza expressed concern that the language of the amendment would infringe on the jurisdiction of another Congressional committee and asked the sponsor if the amendment could be withdrawn. He suggested that the Committee could express its interest in this matter in a meeting with Ambassador Carla Hills, the U.S. Trade Representative. Mr. Stallings then

asked to withdraw the amendment, and the Chairman asked Committee staff to pursue the matter with Ambassador Hills.

Mr. Grandy was recognized to offer an amendment which (1) changed the name of the Special Assistant for Agricultural Trade and Food Aid (to the President) to Special Assistant for Agriculture, (2) made the Special Assistant a member of the President's Trade Policy Review Group and (3) reauthorized the Congressional report required of the Special Assistant under current law. The Administration expressed opposition to the amendment, and several Committee members expressed concern that the amendment would restrict the President's authority and allow the Administration to speak with two voices on agricultural policy.

Mr. Grandy withdrew the amendment in light of the concerns expressed by the Committee.

Mr. Roberts was recognized to offer an amendment on behalf of Mr. Marlenee. The Marlenee amendment provided that the Secretary conduct an assessment of the current agricultural transportation system, focusing on rail transportation capabilities, and provide a report to Congress on the results and recommendations of such an assessment.

After concern was expressed about the cost of conducting such an assessment, Mr. Roberts asked for and received unanimous consent to amend the amendment by striking the authorization to expend $3 million and providing authority for the Secretary to expend such sums as necessary. The amendment as amended was agreed to by voice vote.

Mr. Grandy was recognized to reoffer the amendment withdrawn earlier in the day regarding TEA funds for the four regional non-profit export trade associations. He explained that the amendment had been revised to provide that in lieu of an earmark the Secretary should establish as an objective the reservation of certain percentages (same as in earlier amendment) of TEA funds for the benefit of applicants whose applications have been forwarded by the regional non-profit export trade associations.

The amendment was agreed to by voice vote.

Mr. Roberts sought recognition to discuss the provision of the draft legislation pertaining to the reports required of exporters on origin of agricultural commodities. He expressed some concern over the specific requirements of exporters in complying with the language and the fact these requirements should not become a burden to the exporting of U.S. agricultural products.

Chairman de la Garza directed the committee staff to clarify the language.

Chairman de la Garza announced he had two amendments to offer. He explained that the first amendment required the Secretary of Agriculture to provide the Congress a study on the potential effects on the U.S. agricultural economy of the creation of a North American common market. The amendment was agreed to by voice vote.

The second de la Garza amendment pertained to agricultural market development activities in emerging democracies. Chairman de la Garza explained that the amendment provided for an assessment by U.S. Department of Agricultural officials and U. S. private agricultural consultants of the food system needs of such democra-

cies and for a report on recommendations and opportunities to enhance the effectiveness of those systems.

Mr. Gunderson expressed interest that the Secretary also look at what are some of the impediments to the participation of American companies in expanding markets in the emerging democracies.

The Committee then agreed to the amendment by voice vote.

Chairman de la Garza noted that some concern had been expressed to the Committee over the provision of the draft language pertaining to accessibility of private records of exporters who use USDA export programs. He stated that this access was necessary for purposes of auditing and assuring that USDA export programs are administered properly. He added that the Committee intended that the confidentiality of the proprietary information be maintained and that the Secretary of Agriculture should make this clear in regulations implementing this provision.

There being no further amendments, Title XII, as amended, was agreed to without objection.

On Thursday, May 24, the Committee on Agriculture continued its markup of H. R. 3950, the Food and Agricultural Resources Act of 1990. Mr. Smith sought recognition and stated he wished to offer an amendment to Title XII to strike Section 1165 of the 1985 farm bill (PL 99-198) discussing the importance of the U.S. domestic rice industry and the need for the industry to be protected from unfair foreign competition and urging immediate consideration of a countervailing duty petition regarding Thai rice. He noted that since there is currently a countervailing duty on rice from Thailand the provision of law was no longer necessary. The amendment was adopted by voice vote.

Mr. Rose was recognized to offer an amendment. He stated that his amendment required, in the unlikely event the President decides to suspend or terminate Section 22 of the Agricultural Adjustment Act, that the Secretary of Agriculture first report to the House and Senate Committees on Agriculture on the impact of such action on the Farmers Home Administration, agriculture credit in general, prices paid to farmers and the nation's food security needs. The amendment was agreed to by voice vote.

On Wednesday, June 13, in full Committee business session on further amendments to the H.R. 3950, Mr. Schuette introduced report language urging the Secretary of Agriculture to use all remedies, programs, and policies available to assist the domestic red tart cherry industry compete in world markets. The language was agreed to without objection.

Mr. Lewis was recognized and advised the Committee that the $2.6 billion in new funds authorized and accepted earlier by the Committee for emerging democracies would cost approximately $600 million over five years. He offered an amendment which would mandate expenditure of $350 million in short-term credit guarantees and make discretionary the remainder of the $1 billion authorized by the Committee. His amendment also made discretionary the $2.5 billion in intermediate-term credit guarantees. Mr. Glickman, the sponsor of the original amendment providing the additional authorization of appropriations for the emerging democracies, discussed with Mr. Lewis the lack of mandated funds for facilities which had been stricken from the Lewis amendment. Mr.

Lewis stated that he supported funding for facilities and asked that the staff be given permission to work with the Congressional Budget Office to arrive at some level of GSM-103 facilities funding which would meet the overall spending ceiling for the farm bill. The amendment was agreed to by voice vote.

Chairman de la Garza then offered three amendments en bloc. The first amendment prohibited during the course of the fiscal year an agent who acts as a broker, consultant or other representative of the U.S. Government, an importer or an importing country from also representing suppliers of ocean transportation. The second amendment provided that all food aid negotiations for commodities and ocean transportation require full and open competition. The final amendment provided authority to the President to limit commissions for foreign flag transportation. The Chairman stated that these amendments, requested by the Administration, would provide more transparency and integrity in U.S. foreign aid programs. The amendments were agreed to without objection.

RESEARCH

HEARINGS

The Subcommittee on Department Operations, Research, and Foreign Agriculture held several hearings to receive testimony on specific recommendations for inclusion in Title XIII of the Food and Agricultural Resources Act of 1990. In addition to a major hearing on the status and needs of the agricultural research, teaching, and extension system, the subcommittee held hearings to review specific recommendations including environmental and water quality programs, new crops and products research and commercialization, and the National Agricultural Research Initiative as proposed by the National Research Council (NRC).

On Tuesday October 17, 1989 the subcommittee held a hearing to review the National Agricultural Research Initiative proposed by the Board on Agriculture of the National Research Council.

On Tuesday February 6, 1990 the subcommittee held a hearing to receive public testimony from representatives of the agricultural research, teaching and extension community on current proposals for the 1990 Farm Bill.

In a subsequent hearing on Wednesday March 7, 1990, the subcommittee met to hear testimony from Dr. Harry Mussman, Deputy Assistant Secretary for Science and Education, USDA, on behalf of the Department of Agriculture.

On Thursday, March 15, 1990, the subcommittee held a hearing jointly with the Subcommittee on Conservation, Credit, and Rural Development to review water quality and environmental proposals for the 1990 Farm Bill.

On March 13, 1990, the subcommittee held a hearing to review proposals for research, development, and commercialization of new crops and products for possible inclusion in the farm bill.

SUBCOMMITTEE CONSIDERATION

On March 29, 1990, the Subcommittee on Department Operations, Research, and Foreign Agriculture met in a business session

to mark up legislation to reauthorize existing agriculture research, extension, and teaching programs as well as new authorizations. Chairman George E. Brown, Jr. opened the title for consideration by stating that a draft substitute amendment for Title XIII of HR 3950 had been prepared for use as a markup document. The draft substitute contained provisions from chairman de la Garza's omnibus farm bill, HR 3590, as well as language from various bills introduced by other members and recommendations from a number of interested groups.

Mr. Brown offered the draft as a substitute and asked that the substitute text be considered as original text for the purpose of amendment. After a brief explanation by staff of the major provisions of the substitute, the Subcommittee proceeded to consider amendments to the committee print.

Mr. Roberts offered an amendment to establish an Office of Pesticide Assessments to coordinate and manage a program to assess the benefits of pesticides and the impact of proposed pesticide decisions at the Environmental Protection Agency (EPA). Dr. Harry Mussman from the Department of Agriculture (USDA) was asked comment on the amendment and expressed some reservations about the amendment. The amendment was adopted unanimously, with the understanding that further changes might be needed to address the Department's concerns.

Mr. Olin offered an amendment to authorize an additional aquaculture research center on closed system aquaculture research. The amendment was adopted unanimously.

Mr. Stenholm offered an amendment to subtitle G to authorize a research program on production, preparation, processing, handling and storage of agricultural products. The amendment, which requires matching funds on research awards and broadens the membership of the advisory board, was adopted unanimously.

Mr. Stenholm offered an amendment authorizing the Secretaries of Agriculture and Health and Human Services to contract with a scientific body for an assessment of food science and human nutrition research. The amendment was adopted unanimously.

Mr. Walsh offered an amendment authorizing a study on farm safety, including authorization of research grants to provide information necessary for the completion of the study. The amendment was adopted unanimously.

Mr. Grandy offered an amendment on water quality research and extension and policy coordination which was the text of separate legislation, HR 3574. The substance of the amendment had been examined during Subcommittee hearings over the past two Congresses during a comprehensive examination of water quality and agriculture. The amendment was left pending due to the need to coordinate the proposal with other provisions of Title XIII and the conservation programs being examined in another subcommittee.

Mr. Jontz offered an amendment authorizing an extension program in sustainable agriculture, a provision which was included in separate legislation, HR 3552. After discussion over the authorization levels needed to conduct this program, the amendment was left pending until further examination of the authorization level required.

Mr. Roberts offered an amendment to establish a program for collecting pesticide use information using a survey method. After discussion over a provision which would require the Secretary to compare survey methods with other methods for data collection, that section was deleted from the amendment by unanimous consent. The amendment, as amended was adopted unanimously.

Mr. Jontz offered an amendment to specify additional areas of high priority research in the competitive grants program to deal with sustainable agriculture needs. After discussion, the amendment was held pending to allow changes to be made to the specific priority areas being cited.

On April 5, 1990, the Subcommittee continued its markup of title XIII of HR 3950. The subcommittee members engaged in a lengthy debate about the provisions dealing with sustainable agriculture research and extension work. The subcommittee agreed to pass over these proposals and have staff review them and develop a draft compromise for the provisions contained in the Title XIII substitute.

Mr. Panetta offered an amendment to authorize the expanded food and nutrition eduction program (EFNEP) at a specific sum, rather than an open-ended authorization. The amendment was adopted unanimously.

Mr. Stenholm offered an amendment to the authorization for the National Agricultural Library to have the Library provide services to Congress as well as federal agencies. The amendment was unanimously adopted.

Mr. Stenholm offered an amendment to the higher education fellowship and grant program contained in the substitute for Title XIII. Upon review by the representative of the Department of Agriculture, Mr. Stenholm asked unanimous consent to strike the portion of his amendment dealing with competitive award of fellowships and grants. The amendment, as amended, was adopted unanimously.

Mr. Grandy offered an amendment to coordinate the activities of the Department of Agriculture on water quality and to authorize research and extension programs on the topic. Mr. Stenholm offered a change in wording dealing with agricultural chemical application which was adopted by unanimous consent. The amendment was debated and the need to coordinate its provisions with parallel proposals being made in the Conservation Title of the Farm Bill. With the understanding that this amendment would be subject to further changes pending actions taken during consideration of Title XII, the amendment was adopted unanimously.

Mr. Brown offered an amendment to authorize the plant genome mapping program being proposed by the Department of Agriculture. The amendment was adopted unanimously.

Mr. Brown offered an amendment to the program authorizing grants to schools of veterinary medicine. The amendment authorizes grants to schools to update curriculum and to upgrade facilities as required by regulatory changes such as those under the Animal Welfare Act. The amendment was adopted unanimously.

Mr. Brown offered an amendment to add one person concerned with animal well-being to the Animal Health Science Research Advisory Board The Board's responsibility was also broadened to pro-

viding advice to the Department of Agriculture on all of its animal research programs. The amendment was adopted unanimously.

Mr. Brown offered an amendment to establish a research and extension program at the Department of Agriculture on the use of composting technologies. Mr. Volkmer offered an amendment which was adopted unanimously which broadens the focus of the program beyond on-farm and agricultural applications. The amendment as amended was adopted unanimously.

Mr. Roberts offered report language to accompany the language authorizing the Graduate School at the Department of Agriculture. The report language was approved unanimously.

Mr. Jontz offered an amendment, for the purpose of having the language included in the development of a draft substitute on sustainable agriculture, to set priorities for the research programs conducted by the Department of Agriculture.

On April 24, 1990, the Subcommittee continued its markup of title XIII of HR 3950. Since the last meeting, a draft substitute on the portions of the title dealing with sustainable agriculture had been developed and the substitute amendments were briefly explained. Mr. Brown offered the substitute amendments en bloc and opened the substitute up for further amendment.

Mr. Jontz offered an amendment to change the definition of sustainable agriculture. Mr. Glickman offered an amendment to the amendment by Mr. Jontz to take the first two parts of the proposed definition and add them to the definition in the substitute. Mr. Stenholm offered additional language to modify the second phrase which was accepted by unanimous consent. The Jontz amendment, as amended was adopted unanimously.

Mr. Jontz offered an amendment to specify a $40,000,000 authorization for training field office personnel in the practices under this subtitle, and for the operation of extension programs to transfer information developed under this subtitle. The amendment was adopted unanimously.

Mr. Volkmer moved the adoption of the substitute amendments, as amended dealing with sustainable agriculture and they were adopted unanimously.

Mr. Roberts offered an amendment which requires the Secretary of Agriculture to conduct a study on the transportation of fertilizers and other agricultural chemicals. The amendment was adopted unanimously.

Mr. Roberts offered an amendment to establish an agricultural satellite telecommunications system to link colleges and universities and the Department of Agriculture to further research, extension, and teaching programs. Mr. Brown offered an amendment to Mr. Roberts amendment which allows any accredited institution of higher learning to be eligible to participate. The Brown amendment was adopted unanimously and the Roberts amendment, as amended was adopted unanimously.

Mr. Brown offered an amendment to authorize the establishment of centennial research centers at 1890's institutions. Mr. Grandy offered an amendment which requires the work of the water quality research center authorized to coordinate its activities with the other water quality research authorized in Title XIII. The Grandy

amendment was adopted unanimously and the Brown amendment, as amended, was adopted unanimously.

Mr. Brown offered an amendment to authorize a resident instruction support program for undergraduate and graduate students at 1890's institutions. The amendment was adopted unanimously.

Mr. Coleman offered an amendment to require the Secretary of Agriculture to award two special grants to land-grant colleges to study barriers to agricultural trade. The amendment was adopted unanimously.

Mr. Brown offered an amendment to reauthorize the Research and Extension Users Advisory Board and making changes to its membership. The amendment was adopted unanimously.

Mr. Brown offered an amendment to authorize an institute designed to research and help commercialize new products from agricultural commodities. There was debate on the provisions which established regional centers for the institute, after which the amendment was adopted unanimously.

Mr. Brown offered an amendment, on behalf of Mr. Panetta, to add an emphasis on cut flowers to the integrated pest management and water quality research programs. The amendment was adopted unanimously.

Mr. Jontz offered an amendment adding specific research areas related to environmental issues to the competitive grants initiative contained in the Title XIII substitute which was left pending at the business meeting on March 29, 1990. The amendment was adopted unanimously.

Mr. Jontz offered an amendment directing the Secretary of Agriculture to conduct a research program on aflatoxin. Mr. Grandy offered a word change to the program's review of safe levels of aflatoxin which Mr. Jontz asked unanimous consent be adopted. The amendment as amended was adopted unanimously.

Mr. Jontz offered an amendment to establish research priorities for the Department of Agriculture. The amendment was debated and withdrawn by unanimous consent.

Mr. Brown offered a set of amendments en bloc which made various technical and other minor corrections to the substitute for Title XIII. Mr. Grandy noted the amendments contained a significant increase for the authorization for the competitive grants initiative, an increase sought by the Department of Agriculture and the research community. The amendments were adopted unanimously.

Mr. Volkmer then moved the adoption of the substitute for Title XIII as amended. By a voice vote, in the presence of a quorum, the substitute, as amended, was adopted unanimously.

FULL COMMITTEE CONSIDERATION

The House Agriculture Committee met in business session on Thursday, May 10 to markup the research title, Title XIII, of the 1990 farm bill as reported by the Subcommittee on Department Operations, Research, and Foreign Agriculture.

Chairman de la Garza recognized Mr. Brown, Chairman of the Subcommittee who introduced and explained the Subcommittee print. Mr. Roberts, ranking minority member of the Subcommittee,

also spoke in favor of the Subcommittee print. After a brief discussion the subcommittee print was, without objection, accepted as the markup vehicle.

Mr. Brown introduced an amendment to reauthorize the Joint Council on Food and Agricultural Science with a modified membership structure. The amendment was adopted by voice vote.

Mr. Brown offered an amendment with language directing that a joint meeting of the Users Advisory Board and the Joint Council on Food and Agricultural Science shall be held annually. This amendment was accepted by voice vote.

Mr. Brown introduces an en bloc amendment clarifying the Genetic Resources Program established in subtitle C of the bill. Because of some reservations expressed by interested parties, Mr. Brown indicated that further clarifying language would be included in report language. Without further debate, the amendment was adopted by voice vote.

Mr. Roberts offered an en bloc amendment to clarify the activities of the Pesticide Impact Assessment Program contained in the Subcommittee-approved print, with respect to the response program and the data collection. The amendment was accepted by voice vote.

Mr. Huckaby offered an amendment to designate the Pennington Biomedical Research Facility at Louisiana State University as a USDA food science nutrition research facility. Discussion focused on the possibility the inclusion of this facility as a USDA center would dilute funding to existing centers. Mr. Huckaby agreed to report language to the effect that the Pennington Center would not receive funding unless additional funding becomes available. With this understanding, the amendment was accepted by voice vote.

Mr. Glickman introduced an amendment requiring land-grant universities to have in place regulations to minimize actual or potential conflict of interest among employees who receive federal extension funding when these employees do private consulting. Discussion centered on the difficulty universities might encounter in implementing this amendment and possible detrimental effects with respect to freedom of university employees to express themselves without fear of being judged as being in a conflict of interest situation. These issues were resolved and the amendment was accepted by voice vote.

Mr. Madigan offered an amendment authorizing the USDA Agricultural Research Service facility in Peoria, Illinois to conduct ethanol research. Without objection, the amendment was agreed to by voice vote.

Mr. Lancaster offered an amendment to establish a sweetpotato research program at North Carolina State University. In the ensuing discussion, objection to the amendment was raised on the basis of the site specific location. Without objection, the amendment was withdrawn.

Mr. Stenholm offered an amendment directing the Secretary to consult on an annual basis with the National Research Council's Board on Agriculture. Such consultations could result in studies being done by the Board on Agriculture for USDA in an effort to obtain the best possible information and advice for decisionmaking purposes. Topics which could be investigated include, but are not

limited to, identifying science and technology opportunities for improving the sustainability and profitability of agriculture; investigating applications of science and technology to enhance the safety, nutritional, and health aspects of food consumption. Discussion was favorable and the amendment was accepted on a voice vote.

Mr. Schuette offered an amendment establishing a grants program for land-grant colleges to conduct research on immunoassay methods to detect agricultural pesticide residues and diagnose plant and animal diseases. During the discussion, Mr. Schuette agreed to remove the specific funding authorization amount. Members felt that this research could well have sufficient priority to be funded at a higher level than that requested. Mr. Stenholm offered the language in the form of an amendment to Mr. Schuette's amendment. By voice vote, the amended version was accepted, and the amendment, as amended, was adopted by voice vote.

Mr. Roberts offered on Mr. Grandy's behalf an amendment to encourage USDA to fund research on lean content analysis technologies for live pork. Discussion was favorable and the amendment was adopted by voice vote.

Mr. Harris introduced an en bloc amendment authorizing establishment of 5 national research and training centennial centers among the 1890 land-grant universities. The amendment also authorized funding, which was set at $2 million annually. The centers will be devoted to: goat research, agricultural engineering, water quality and agricultural production, sustainable agriculture research, and domestic and international trade. The amendment provides for continued funding the teaching, research, and extension programs of the 1990 Universities, and authorizes $8 million annually in grants to upgrade agricultural and food sciences facilities at the 1890 land-grant colleges.

Mr. Stenholm offered an amendment directing USDA to have the National Research Council's Board on Agriculture conduct a study of the delivery of animal health and veterinary services to producers, with recommendations for improvement. Discussion was favorable and the amendment was adopted by voice vote.

Mr. Nagle offered an amendment to provide for a research and demonstration project on rehabilitation of handicapped farmers and to assist farm families in ways to support the individual effected. Discussion of this amendment focused on the issue of jurisdiction and possible referral. Without objection, Mr. Nagle withdrew the amendment to enable him to chech on the jurisdiction problem.

Mr. de la Garza offered an amendment authorizing grants for research into expanded uses for mesquite and prickly pear; funding is authorized at $100,000 annually for each. Without objection, the amendment was accepted by voice vote.

Mr. de la Garza offered an amendment to establish a pilot project in two states which would combine the information delivery systems used for all food and nutrition programs available to low-income people; the Extension Service would be the lead agency; ½ of 1% of extension funding is earmarked for this project. Without objection, the amendment was accepted by voice vote.

Mr. de la Garza introduced an amendment to reauthorize and extend the scope of the rural crisis recovery program to make the grants competitive and to require that at least 50% of the grant

funds awarded to a State are used for mental health counseling and crisis management assistance for farmers. In the discussion, of the amendment, Mr. Coleman expressed reservations regarding the competitive nature of the grants and suggested that the eight States currently receiving funds should be grandfathered into the program. Without objection, Mr. Coleman's amendment to Mr. de la Garza's amendment was accepted. Further discussion of the amendment was favorable and the amendment as amended was adopted by voice vote.

Mr. de la Garza introduced an amendment to change the method of award for International Trade Centers to a competitive, peer-review process, requiring a national plan for export promotion and criteria for the selection of Centers according to their ability to carry out this plan. Without objection the amendment was agreed to by voice vote.

Mr. de la Garza offered an amendment to enhance existing authority on international agricultural research by authorizing the Secretary to enter into agreements with other countries to promote a globally viable agricultural system, by adapting foreign agricultural technology to U.S. agriculture, and by the establishment of an International Arid Land Consortium. Without objection the amendment was accepted by voice vote.

Mr. de la Garza offered an amendment to establish regional-based National Centers for Food Safety Research through a competitive grant process to conduct research, development and education programs focused on food safety problems. Without objection, the amendment was adopted by voice vote.

Mr. de la Garza offered an amendment authorizing USDA to study the economic impact of animal damage, including predation, on the aquaculture industry. Without objection the amendment was adopted by voice vote.

Mr. de la Garza offered an amendment authorizing USAD to develop a compilation of the laws and regulations that affect the aquaculture industry. Without objection the amendment was adopted by voice vote.

Mr. Volkmer introduced an amendment to establish a program of competitive grants to conduct rural development research on the economic vitality of rural areas and to establish demonstration areas where grant funds can be used to increase employment. Without objection the amendment as adopted by voice vote.

Mr. Walsh offered an amendment to establish an International Forest Resources Institute. Discussion of the specific language raised issues which could not be quickly resolved. Mr. Walsh, without objection, withdrew the amendment, with assurances from the Chair that he might reintroduce the amendment at a later point.

There being no further amendments, Title XIII, as amended, other than those provisions reserved for later consideration, was adopted by the Full Committee by voice vote.

The Full Committee on Agriculture reconvened on June 13, 1990, for the purpose of considering further amendments to the print as reported out by the Subcommittee on Department Operations, Research, and Foreign Agriculture. During pervious consideration by the Full Committee, several amendments to the Subcommittee

print had been with held pending consideration of related issues as reported out by other Subcommittees.

The Chairman opened the session by recognizing Mr. Brown, Chairman of the Subcommittee. Mr. Brown offered a Substitute Title to the previous Subcommittee print. The Substitute Title was made necessary by the inclusion of language on water quality in the Conservation Title and the need for consistency between the two Titles. There being no objection, the Substitute Title for Title XIII was adopted as the markup vehicle.

Mr. Brown introduced an amendment on behalf of Mr. Roberts to designate a semi-arid agriforestry research development demonstration center in Lincoln, Nebraska. However, the amendment was, without objection, withdrawn in favor of inclusion in the Forestry Title.

Mr. Brown then offered an amendment which would include language on "development of sustainable agriforestry systems on semi-arid lands" as appropriate topics of research within the USDA/ Land Grant system. The amendment was agreed to on a voice vote.

Mr. Brown introduced on behalf of Mr. Madigan an amendment to reauthorize research on alcohol fuels. There being no discussion, the amendment was agreed to by voice vote.

Mr. Olin offered on behalf of himself and Mr. Stangeland an en bloc amendment to include animal systems within the Integrated Resource Management systems approach. Such an approach utilizes the expertise of several disciplines and has the goal of developing a master management plan for a producer to maximize efficiency and profit. Without objection the amendment was adopted by voice vote.

Mr. Morrison offered an amendment to encourage the continuation of research into means of detecting and avoiding microbiological and chemical contamination of food. Discussion of the amendment was favorable and the amendment was adopted by voice vote.

Mr. Staggers offered an amendment to provide grants to develop niche markets that would be of specific benefit to small farmers. Discussion of the amendment was favorable and the amendment was adopted by voice vote.

Mr. Johnson offered report language that encourage the National Agricultural Library to develop its Food and Nutrition Information Center into a "Clearing House" on nutritional research. Without objection, the language was agreed to.

Mr. Espy introduced an amendment directing the Secretary to provide outreach and technical assistance through the Office of Advocacy and Enterprise to socially disadvantaged farmers. Discussion of this amendment focused on possible jurisdiction problems. This issue was resolved to members satisfaction and the amendment was adopted by voice vote.

Mr. Stallings offered an amendment to ensure that acquaculture research centers include work on a reliable supply of seed stock and therapeutic compounds. Discussion of the amendment was favorable and was adopted by voice vote.

Mr. de la Garza introduced an amendment to authorize the USDA/Office of Cooperation and Developement (OICD) to accept reimbursement for technical assistance to nonprofit trade and in-

31-912 O - 90 - 17

vestment promotion entities working in developing countries. Without objection, the amendment was adopted by voice vote.

Mr. Nagle introduced an amendment to provide competitive grants through the Extension Service to assist physically disabled farmers to resume farming. At least two States have small programs currently operating, and this amendment would extend the scope of this program. The discussion which ensued centered on the problem of jurisdiction and sequential referral. The discussion also touched on the appropriateness of USDA funding a program of this nature, given that other federal agencies have much larger budgets for this type of program. These issues were resolved by Mr. Nagle withdrawing the amendment with an agreement with the Chairman that the amendment would be reintroduced as a free-standing amendment in the Miscellaneous Title.

Mr. Johnson and Mr. Brown, Chairman of the DORFA Subcommittee engaged in a colloquy on the topic of providing Extension Service to Indian reservations. Mr. Johnson stated that Indian reservations do not have adequate coverage of Extension programs and that this situation should be corrected. Chairman Brown agreed that the situation should be investigated and indicated his intent to hold hearing on the topic.

Mr. Stangeland offered an amendment directing the Secretary to conduct a feasibility study of establishing a USDA Turkey Research Center by expanding existing facilities at Pelican Rapids, MN. The discussion which followed centered on the advisability of including cite-specific amendments in the Farm Bill. Although the amendment in question technically calls for a feasibility, some members questioned whether the level of funding requested, $500,000, and other wording does not, in fact, essentially call for the establishment of the Center. On a roll call vote, the amendment was approved by 16 ayes to 12 nays.

Mr. Schuette offered report language that includes reference in section 1402 (of the 1985 Act?) to efficiency of energy use on the farm. There being no objection, the proposed report language was accepted.

There being no further amendments, the Chair called for the question on the Substitute Title for Title XIII as amended. The Substitute Title as amended was adopted by voice vote.

Fruits, Vegetables, and Marketing

SUBCOMMITTEE CONSIDERATION

The Subcommittee on Domestic Marketing, Consumer Relations, and Nutrition met on Thursday, March 22, 1990, to consider the fruit, vegetable, and specialty crops title of the 1990 Farm Bill.

After opening remarks by Chairman Hatcher and other members of the Subcommittee, Mr. Lewis was recognized to offer his amendment providing for a new title in the farm bill on fruits, vegetables, and specialty crops.

The amendment requires the Secretary of Agriculture to conduct a comprehensive study of the U.S. fruit and vegetable industry looking at labor, crop insurance, safe and effective chemicals, research and technological needs of the industry. The study will also

include labeling issues and the adequacy of Federal nutrition education efforts related to fruits and vegetables.

This amendment also contains two Administration proposals regarding the Perishable Agricultural Commodities Act (PACA) and marketing orders.

Discussion occurred and by a voice vote, in the presence of a quorum, the amendment was agreed to. Mr. Hatcher then asked that some pertinent articles from The Packer be included in the record.

FULL COMMITTEE CONSIDERATION

The Committee on Agriculture met on Tuesday, May 2, 1990, pursuant to notice, to consider Title XIV, the Marketing Title of H.R. 3950, the Food and Agricultural Resources Act of 1990, as reported by the Subcommittee on Domestic Marketing, Consumer Relations, and Nutrition.

The Chairman of the Subcommittee on Domestic Marketing, Consumer Relations, and Nutrition, was recognized by the Chair to explain the title. Without objection the request was agreed to.

Mr. Lewis asked unanimous consent to amend the citation of Title XIV to be, "The Fruit, Vegetable, and Marketing Title." Without objection the request was agreed to.

Mr. Morrison offered an amendment to the section of Title XIV requiring a study of the U.S. fruit and vegetable industry. Mr. Morrison's amendment added to the section requiring an examination of the availability of safe and effective chemicals for use in the production of fruit and vegetables, a provision requiring that special emphasis be placed on the value of national uniformity to both consumers and producers. Discussions occurred and by a voice vote the Morrison amendment was agreed to.

There being no further amendments to the title, by voice vote, and in the presence of a quorum, Title XIV, the Fruit, Vegetable, and Marketing Title was approved.

The Committee on Agriculture met again on Thursday, May 24, 1990, pursuant to notice, to again consider Title XIV, the Fruit, Vegetable, and Marketing Title.

Mr. Hatcher offered HR 3664, the Omnibus Agricultural Commodity Promotion and Research Act of 1990, as an amendment to Title XIV. This bill will authorize the creation of commodity promotion and research programs for pecans, mushrooms, and limes, and amend the existing programs for potatoes and cotton. Discussion occurred and by voice vote the amendment was agreed to.

Mr. Emerson made a statement regarding the definition of fresh fruits and vegetables. He and Mr. Panetta had planned to offer an amendment that would make clear that the term "fresh fruits and vegetables" means all fruits and vegetables of every kind and character, whether or not coated with wax, provided that such wax has been approved for use on food in accordance with law. Mr. Emerson stated that he and Mr. Panetta would continue to work on this and possibly put it on the next available bill dealing with this issue.

State and Private Forestry

HEARINGS

The Subcommittee on Forests, Family Farms, and Energy conducted hearings on legislative measures which were incorporated, in whole or in part, in a draft state and private forestry title. On March 14, 1990, the Subcommittee reviewed H.R. 3955 (National Fire Forces Mobilization Act of 1990), by Messrs. Harris, Bevill, et al., and H.R. 3454 (Forest Stewardship Assistance Act of 1989), by Messrs. Callahan, Morrison of Washington, et al. On April 18, 1990, the Subcommittee reviewed H.R. 4465 (National Tree Planting Act of 1990), by Messrs. de la Garza and Madigan.

In addition, portions of the title are based on related oversight hearings held by the Subcommittee, including: June 1, 1989 (Forest Service Conservation Easement Purchase from the State of New Hampshire); September 20, 1989 (Forestry Research); September 26, 1989 (State and Private Forestry); October 26, 1989 (Draft Northern Forest Lands Study); and February 6, 1990 (FY 1991 Budget of the Forest Service).

Some legislative measures previously considered by the Committee have also been incorporated into this title. These include: H.R. 2144 (Urban and Community Forestry Act of 1989) by Messrs. Jontz, Kostmayer, et al. (Subcommittee hearing June 7, 1989, Committee Report 101-330, approved by the House November 6, 1989); the Disaster Assistance Act of 1988 (Pub. Law 100-387; and the 1988 Disaster Assistance Extension Act (Pub. Law 101-82).

SUBCOMMITTEE CONSIDERATION

The Subcommittee on Forests, Family Farms, and Energy met on April 5, 1990, in open business session. A draft Subcommittee print of the state and private forestry title proposed by Chairman Volkmer for inclusion in H.R. 3950 was distributed and reviewed, Mr. Volkmer advised Members of his intent to delay final consideration of the print until April 18, at which time the Subcommittee would also consider the administration's proposed tree-planting initiative. Mr. Smith stated his intent to offer language related to the Blue Mountain Research Institute at a future date. Mr. Al West, Deputy Chief for State and Private Forestry, Forest Service, U.S. Department of Agriculture, stated the Department's desire to have the administration's initiative considered separately from H.R. 3950. After discussion of the print, Mr. Morrison moved that the Subcommittee give tentative approval to the print, pending further consideration by the Subcommittee on April 18, and the motion was agreed to by voice vote.

On April 18, 1990, the Subcommittee on Forests, Family Farms, and Energy resumed consideration of the draft Subcommittee print of the state and private forestry title. Mr. Morrison requested unanimous consent that section 7 of the draft, relating to forest management and stewardship, be replaced with the text of H.R. 3454, with the understanding that language from both the draft print and H.R. 3454 would be worked into the title during full Committee consideration. Without objection, the request was granted. Mr. Morrison moved that the Subcommittee approve and send

the state and private forestry title to the full Committee to be considered as part of the 1990 Farm Bill (H.R. 3950). The motion was agreed to by voice vote.

FULL COMMITTEE CONSIDERATION

On May 16, 1990, the Committee met in open business session. Without objection, the Committee Print of the State and Private Forestry title, as reported by the Subcommittee on Forests, Family Farms, and Energy, was considered as original text for purposes of amendment. Mr. Volkmer, Chairman of the Subcommittee, explained the provisions of the title, and Mr. Morrison, Ranking Minority Member of the Subcommittee, spoke in favor of the title.

Mr. Volkmer offered amendments related to the definition of "rural volunteer fire department"; appointment of officers of the America the Beautiful Foundation; and Presidential Commission on State and Private Forests; all of which were discussed and approved. Mr. Volkmer also offered, pursuant to the Subcommittee agreement, an amendment to revise the forest management and stewardship provisions of the title, which was discussed and approved.

Mr. Smith offered an amendment, as discussed during Subcommittee consideration, providing for the establishment of the Blue Mountain Natural Resource Institute. The original amendment contained language providing authorization of appropriations, which Mr. Smith deleted upon offering the amendment. The amendment, as modified, was discussed and approved.

Mr. Morrison offered an en bloc amendment related to groundcovers and turfgrass sod, which was discussed and approved.

Mr. Jontz offered an amendment to require a report by the Secretary of Agriculture responding to recommendations in a recent forestry research report. The amendment was discussed and approved.

Mr. Schuette offered an amendment to provide that trees planted pursuant to the America the Beautiful Foundation section may not be commercially harvested and sold for Christmas trees. The amendment was discussed and approved.

Mr. Volkmer offered an amendment to authorize the temporary transfer of funds appropriated or otherwise available to the Forest Service to be used for the emergency suppression of forest pests and emergency eradication of gypsy moth. The amendment was withdrawn pending discussions with the Appropriations Committee.

By a voice vote, the state and private forestry title was approved for inclusion in the 1990 Farm Bill (H.R. 3950).

On June 13, 1990, at the request of Mr. Volkmer, the Committee considered additional amendments to the state and private forestry title.

Mr. Walsh offered an amendment to require the Secretary of Agriculture to establish an International Forest Resources Institute to increase the international competitive position of forest products industries of the northeastern U.S. The amendment was discussed and approved.

Mr. Roberts offered an amendment to require the Secretary to establish a Semiarid Agroforestry Research, Development, and Demonstration Center which, in cooperation with other entities, would study and promote sustainable agroforestry systems on semiarid lands. The amendment was discussed and approved.

Mr. Volkmer an en bloc amendment regarding authorization levels for programs contained in the state and private forestry title. Mr. Volkmer stated that the amendment reflected the agreement reached with the administration regarding the President's tree-planting initiative and the forestry title. Mr. Morrison further explained and spoke in favor of the amendment. The amendment was discussed and approved.

Mr. Volkmer also offered report language relating to the study of exports of hardwood logs from the eastern U.S., which language by approval of the Committee is incorporated in this report.

CONSERVATION

HEARINGS

On Thursday, March 8, 1990, the Subcommittee on Conservation, Credit, and Rural Development held a hearing on the conservation title of H.R. 3950, the 1990 Farm Bill.

On March 15, 1990, the Subcommittee on Conservation, Credit, and Rural Development held a joint hearing with the Subcommittee on Department Operations, Research and Foreign Agriculture. The joint hearing was scheduled since each Subcommittee has jurisdiction over various water quality issues.

SUBCOMMITTEE CONSIDERATION

On Tuesday, May 8, 1990, the Subcommittee on Conservation, Credit, and Rural Development met to mark-up the Conservation Title of the 1990 Farm Bill (H.R. 3950). In his opening remarks, Subcommittee Chairman Glenn English announced that the Subcommittee was prepared to use as the mark-up vehicle a draft proposal prepared by the Subcommittee staff or H.R. 4713, the Agriculture Resources Conservation Act of 1990.

Mr. English then recognized Chairman de la Garza who stated that H.R. 4713 contained a number of provisions which should be considered but that it was up to the Subcommittee to determine how it would proceed. After brief opening statements by Mr. Coleman, Mr. Combest, and Mr. Grandy, the Subcommittee proceeded to mark-up the draft proposal prepared by Subcommittee staff.

Congresswoman Long offered an amendment to make it clear that soil and water conservation was the purpose of the Soil and Water Loan Program. The amendment identified a number of soil and water conservation practices for which loans could be made, placed a limitation on the dollar amount of such loans, and extended the use of operating loans to include converting to and maintaining sustainable agricultural production systems and to meet the costs of complying with Section 1212 of the Food Security Act of 1985 which deals with conservation compliance. Ms. Long's amendment was adopted by voice vote.

One provision of the Subcommittee staff draft proposal would exempt from "swampbuster" [1] wetland on which an agricultural commodity was planted and produced or considered produced at least six (6) out of the ten (10) years from 1976 through 1985. This provision has been referred to as the 6 out of 10 provision.

Mr. Nagle offered an amendment to delete the 6 out of 10 provision from the Subcommittee draft proposal and allow existing law to remain in force. After considerable discussion among Subcommittee members, Mr. Nagle's amendment was defeated by voice vote.

Mr. Tallon offered an amendment referred to as the Tree Planting Initiative amendment. A discussion among Subcommittee members raised questions about costs and how this amendment might impact on other programs such as the Forestry Incentive Program and the America the Beautiful tree planting initiative. As a result of the questions raised, Mr. Tallon withdrew from consideration the Tree Planting Initiative amendment.

Mr. Penny offered two amendments. The first amendment would broaden the Conservation Reserve Program (CRP) to cover certain other highly erodible lands that are not covered under the existing CRP. Specifically, the amendment would allow CRP acres to be newly created, permanent grass/sod waterways or contour grass/sod strips established and maintained as part of an approved conservation compliance plan. Mr. Penny's first amendment was adopted by voice vote.

Mr. Penny's second amendment addressed the fencing off of sod waterways, pasture land and the CRP. After a brief discussion with Mr. Combest, Mr. Penny withdrew his second amendment from consideration.

Mr. Staggers informed Chairman English that while he was not yet ready to offer an amendment, he was working on language to address situations similar to those Mr. Penny attempted to address in his second amendment which was withdrawn. Mr. English stated that he wanted to protect the rights of all Members to offer amendments in full committee.

There being no further amendments pending, the Subcommittee, by voice vote, adopted the Subcommittee staff draft proposal, as amended, and ordered that it be reported to the full committee as a substitute for Title XVI of H.R 3950 with the recommendation that it be passed.

FULL COMMITTEE CONSIDERATION

On June 13, 1990, the full Committee met in a business meeting to consider further amendments to the bill. Mr. English was recognized to offer a substitute for the bill's conservation title. Mr. English made an opening statement and explained the provisions of his amendment which represented a compromise worked out between various interested parties. He explained in particular that sections relating to wetlands, to water quality, and on environmental ease-

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[1] "Swampbuster" is the term used to refer to a provision of the Food Security Act of 1985 aimed at discouraging the conversion of wetlands for agricultural purposes. The determination of whether a farmer has a wetland is made by an SCS employee. Farmers that convert wetlands to crop use may lose USDA program benefits.

ments had been endorsed by agricultural and environmental interests. Mr. Coleman made an opening statement in support of the amendment presented by Mr. English. Mr. Huckaby also spoke in favor of the compromise. Mr. English, Mr. Coleman, Mr. Huckaby, Mr. Emerson, and Mr. Nagle questioned administration representatives regarding their interpretations as to how the amendment would be implemented. Mr. Roberts engaged Mr. English in a colloquy regarding the wetlands provisions.

Mr. Roberts offered an amendment to the English amendment. The Roberts amendment alters the policy statement to suggest that the Department of Agriculture should assist producers in implementing and complying with sound environmental management practices in lieu of a policy statement which suggests that farmers should request assistance from USDA in adopting practices which protect environmentally sensitive areas. Mr. English spoke in opposition to the amendment emphasizing that his amendment imposed no requirements on farmers with respect to adoption of a water quality plan. After further discussion the amendment was withdrawn.

Mr. Huckaby offered an amendment to the English amendment that would require that the bidding process used for determining rents received under the Conservation Reserve Program (CRP) be the same as that used under current law rather than the proposed change included in the English amendment. The amendment was adopted by the Committee by voice vote.

Mr. English offered an amendment to ensure that provisions for water quality plans are applied in the same way as the provisions for conservation compliance plans as far as the confidentiality of information is concerned. The amendment was adopted by the Committee by voice vote.

Mr. Volkmer offered an amendment to the English amendment that would permit cropping on CRP acreage after the planting of row trees. The amendment was adopted by the Committee by voice vote.

Mr. Volkmer offered an amendment to provide that the limitation on enrollment of a county's conservation easement acreage of ten percent of the county's cropland is to be included in the 25% limitation on CRP land and not be in addition to that limitation. The intent of the amendment is to ensure that no more than 25% of a county's farmland may be entered into the two programs combined. The amendment was adopted by the Committee by voice vote.

Mr. Tallon offered an amendment to promote retention of tree stands and the planting of new trees. The amendment would authorize grants for Federal cost-sharing in the establishment of windbreaks and other conservation measures on land taken out of agricultural production. The amendment was adopted by the Committee by voice vote.

Mr. Madigan offered an amendment to delete from the English amendment a provision that would make marginal pasture land planted to trees eligible for inclusion in the CRP. Mr. Tallon offered an amendment to the Madigan amendment to provide that no more than ten percent of the marginal pasture land in the CRP could be devoted to trees each year. On advice of counsel Mr. Tal-

lon's amendment was withdrawn. The amendment offered by Mr. Madigan was adopted by the Committee by voice vote.

Mr. Tallon then offered his amendment to allow for up to ten percent of marginal pasture land in the CRP to be planted in trees. The amendment was adopted by the Committee by voice vote.

Mr. Jontz offered an amendment to the English amendment that would permit the extension of a CRP contract to a total of as much as fifteen years to encourage the production of hardwoods. The amendment was adopted by the Committee by voice vote.

Mr. Emerson offered an amendment that would direct the Secretary of Agriculture to submit an annual report to Congress on the status of appeals made under any provision of the title that has been pending for more than 120 days. The amendment was adopted by the Committee by voice vote.

Mr. Emerson offered an amendment that would direct the Secretary of Agriculture to consult with the Fish and Wildlife Service on wetlands determinations but would not require that the Fish and Wildlife Service concur in any decision that he makes. Mr. English expressed reservations regarding the Emerson amendment. Mr. Gunderson suggested that perhaps the legislation could be written to allow the Fish and Wildlife Service to delegate its decision making authority under the English amendment to the Soil Conservation Service on a county by county basis. Mr. English assured Mr. Emerson that the Subcommittee on Conservation, Credit and Rural Development would exercise aggressive oversight to ensure that government decisions required under the law do not unduly delay the activities of the farmer. Subsequently, Mr. Emerson withdrew his amendment.

Mr. Penny offered an amendment to the English amendment. The Penny amendment would permit some grazing of grass strips on CRP lands in the fall and winter. The amendment was adopted by the Committee by voice vote.

Mr. Johnson offered an amendment to the English amendment to give to the technical committee the additional duty of providing recommendations and advice on weed and pest problems on CRP acres. The amendment was adopted by the Committee by voice vote.

Mr. Jontz offered an amendment to the English amendment to clarify that in the crop rotation option a producer may not receive deficiency payments on the rotation crop unless it is a resource conserving crop. The amendment was adopted by the Committee by voice vote.

Mr. Grandy offered an amendment to the English amendment to provide for coordination between the Extension and Soil Conservation Services. The amendment would also require that the SCS, when reviewing conservation compliance, determine the conflicts that would be raised if water management plans were in effect. The amendment was adopted by the Committee by voice vote.

Mr. Jontz offered an amendment to the English amendment that would make the establishment of legume and legume grass mixtures eligibile for conservation program cost-sharing arrangements. The amendment was adopted by the Committee by voice vote.

Mr. Stenholm offered an amendment to the English amendment to strike provisions from the Integrated Farm Management Option

Program that require each farmer's plan to include provisions for reductions in the use on non-renewable fuels. The amendment was adopted by the Committee by voice vote.

The English substitute for the Conservation title, as amended, was adopted by the Committee by voice vote. Subsequently, the Committee approved the Conservation title, as amended, by voice vote.

Food Stamp and Related Provisions

SUBCOMMITTEE CONSIDERATION

The Subcommittee on Domestic Marketing, Consumer Relations, and Nutrition met on Thursday, March 22, 1990 to consider reauthorization of the Food Stamp Program, the Temporary Emergency Food Assistance Program (TEFAP) and other domestic nutrition assistance programs.

After opening remarks by Subcommittee Chairman Charles Hatcher and Messrs. Emerson, Panetta, Staggers, Espy, Lewis, and Sarpalius, Mr. Emerson asked and was given permission to enter into the record an opening statement by Mr. Herger.

Mr. Panetta was then recognized and offered his amendment in the nature of a substitute for Title XVII of H.R. 3950. After a brief explanation of the provisions by Mr. Panetta, without objection, the amendment was adopted as the markup vehicle.

The substitute amendment contained provisions of H.R. 4110, the Mickey Leland Memorial Domestic Hunger Relief Act. Those provisions reauthorize, through fiscal year 1995, the Food Stamp Program, the Temporary Emergency Food Assistance Program, other commodity donation programs, and make changes to the programs.

Mr. Panetta noted that the amendment provides needed assistance for families, increases the efficiency of administration of the Food Stamp Program, and makes changes to the TEFAP program addressing the concerns of food banks and soup kitchens.

An amendment offered by Messrs. Hatcher and Emerson was offered next for consideration. The amendment provided for a welfare simplification and coordination advisory commission. Discussion occurred and Mr. Glickman expressed his desire that the commission address the complexity of the application process, and stated that he reserves the right to discuss it further at full Committee consideration. The amendment was approved by voice vote.

Mr. Emerson offered an amendment providing for cooperation with child support enforcement agencies by parents of children receiving food stamp benefits. Mr. Emerson explained his amendment and stated that he was aware that this was a complex amendment and required much discussion. Mr. Emerson stated that he believed that between the time of Subcommittee and Committee markup, a resolution of the differences concerning the amendment could be reached. Therefore, he asked unanimous consent to withdraw his amendment. Mr. Espy and Mr. Hatcher stated that they had problems with the amendment as it was drafted, and expressed a willingness to work with Mr. Emerson and the Subcommittee members to reach a consensus on this issue. Without objection the amendment was withdrawn.

Mr. Glickman then offered an amendment on behalf of Mr. Emerson and himself concerning food stamp trafficking. In his explanation, Mr. Glickman stated that the first part of his amendment would require each applicant retail food store or wholesale food concern, to submit to the Secretary the taxpayer identification number applicable under the Internal Revenue Code of 1986 to such store or concern; the second portion dealt with unlawful use of coupons in laundering monetary instruments; and the third portion addressed civil and criminal forfeiture of property of offenders. In the discussion which followed, Mr. Hatcher expressed the concern that the Judiciary Committee might claim jurisdiction and this action would impede the flow of the farm bill. Mr. Glickman agreed to take whatever action might be needed to ensure that the Judiciary Committee would not claim jurisdiction. Mr. Staggers stated that he supported the amendment, and might use it at full committee to address his concern that in some instances recipients have their access to grocery stores limited because retailers who are fined for violations of the Food Stamp Act may drop out of the Food Stamp Program. Mr. Panetta and Mr. Emerson both expressed support for the amendment. The amendment was subsequently agreed to by voice vote.

Mr. Espy then offered a nutrition education amendment, which was adopted by voice vote. The amendment encourages better coordination among agencies in providing nutrition education to food stamp recipients.

Mr. Staggers offered an amendment that permits full-time students, who are single parents and who are otherwise eligible, to receive food stamps without meeting the work requirements of the Food Stamp Act. In the discussion period, Mr. Panetta raised the question of cost but the amendment was approved by voice vote.

Mr. Sarpalius offered an amendment that increases the food stamp dependent care deduction. Mr. Panetta once again raised the question of cost; but the amendment was ultimately approved by a voice vote.

At the conclusion of its markup session on March 22, 1990, the Subcommittee on Domestic Marketing, Consumer Relations, and Nutrition, in the presence of a quorum, approved Title XIV of H.R. 3950, as amended, by voice vote and ordered the bill reported to the full committee.

FULL COMMITTEE CONSIDERATION

The Committee on Agriculture met on Tuesday, May 15, 1990, pursuant to notice, to consider Title XVII of H.R. 3950, the Food Stamp and Related Provisions Title, as reported by the Subcommittee on Domestic Marketing, Consumer Relations, and Nutrition.

Chairman de la Garza called the meeting to order and recognized the Chairman of the Subcommittee on Domestic Marketing, Consumer Relations, and Nutrition, Mr. Hatcher, to explain the title.

Mr. Hatcher, on behalf of himself and Mr. Emerson, offered an amendment to make changes necessary to make the cost of Title XVII consistent with the House-passed Budget Resolution. Discussions occurred and by voice vote the amendment was agreed to.

Mr. Hatcher offered an amendment to authorize the issuance of warning letters to food stores and wholesale food concerns when they are in noncompliance with the Food Stamp Act. Discussions occurred and by voice vote the proposal was approved.

Mr. Glickman was recognized and offered an amendment with Mr. Emerson to establish stricter penalties for food stamp traffickers. Discussions occurred and by voice vote the amendment was adopted.

Mr. Glickman offered a second amendment to require the Secretary of Agriculture to distribute milk, whenever it is available from the Commodity Credit Corporation, to organizations that provide food to needy persons. Discussions occurred and by voice vote the amendment was approved.

Mr. Panetta and the Ranking Member of the full Committee, Mr. Madigan engaged in a colloquy on Mr. Madigan's amendment to provide that in the case of sequestration some of the Food Stamp Program cost increases resulting from Title XVII will be adjusted over the five years of the bill, in a manner that is the same as other provisions of the bill. Discussions occurred and the Chairman advised the Committee that staff was preparing appropriate language to be offered by the time the Committee finished work on Title XVII.

Mr. Tallon offered an amendment to modify the monthly reporting and retrospective budgeting system in the Food Stamp Program. During the discussion on the Tallon amendment, the Department representative suggested that the amendment be changed to drop a provision that would incur federal expenditures, but Mr. Tallon stated that deleting that part of his amendment would not meet the intent of the proposal. Discussions continued and by voice vote the Tallon amendment was tentatively adopted. Staff was asked to work with Mr. Tallon and the Department to try to refine the language to carry out the intent of the amendment.

Mr. Emerson offered and explained an amendment to change the formula by which the cost of the Thrifty Food Plan is determined for Alaska and Hawaii because the Bureau of Labor Statistics ceased in those states collecting the data on which increases to the Thrifty Food Plan are based. Discussions occurred and by voice vote the amendment was approved.

Mr. Jontz offered an amendment to exclude certain general assistance payments from food stamp income calculations. Discussions occurred and by voice vote the proposal was approved.

Mr. Espy presented an amendment that provides that when Congress mandates a study or evaluation of a Federal food assistance program, the resulting document should accurately reflect the research findings. Mr. Espy advised the Committee that he did not plan to offer the amendment formally but stated that a problem did exist with certain past studies of the USDA. Assurances were made by the Assistant Secretary for Food and Consumer Services that all of the information provided by researchers will be provided to the Congress. Mr. Emerson offered to continue to work with Mr. Espy on this issue. Whereupon, with the assurances provided, without objection, the amendment was withdrawn by Mr. Espy.

Mr. de la Garza offered an amendment to reauthorize, at increased funding levels, the Nutritional Assistance Program (NAP)

for Puerto Rico and require the Comptroller General of the United States to study the nutritional needs of Puerto Ricans. Discussions occurred, and by voice vote the Chairman's proposal was approved.

Mr. de la Garza offered an amendment requiring the USDA to establish an outreach program from fiscal year 1992 through 1995 to increase the participation in the Food Stamp Program of rural Americans, non-English speaking minorities, the elderly, the homeless and low-income working families. Discussion occurred, and by voice vote the amendment was agreed to.

Mr. de la Garza offered a second outreach amendment on behalf of the USDA to provide grants for projects during fiscal year 1991 to improve participation of the homeless in the Food Stamp Program. Discussions occurred, and by voice vote the amendment was agreed to.

Mr. de la Garza offered an amendment to codify the current practice of distributing surplus food to charitable institutions that care for needy infants and children. Discussions occurred and by voice vote the proposal was approved.

Mr. de la Garza offered an amendment to provide for a more equitable distribution of funds to states for employment and training activities under the Food Stamp Program. Discussions occurred and by voice vote the amendment was approved.

Mr. Stangeland advised that prior to conclusion of consideration of the farm bill, he would submit report language to stipulate that the USDA should cooperate with the Tri-Valley Opportunity Council in Minnesota, in obtaining commodities for private and nonprofit groups. The Chairman assured him that his rights would be protected to offer the language at a later date.

Mr. Emerson advised that an amendment was prepared to meet the concerns expressed during the earlier colloquy between Mr. Panetta and Mr. Madigan. Discussions occurred on the amendment concerning special provisions in case of sequestration. The Chairman advised that since neither Mr. Panetta nor Mr. Madigan were present he would defer action to a later point in time. In the meantime he requested that staff work with the principals on this issue.

Mr. Emerson discussed the amendment concerning the requirement that parents cooperate with the Child Support Enforcement Agency that he offered and then withdrew during the Subcommittee consideration of Title XVII. He advised that all parties were working diligently on this issue but that a resolution has not been reached. The Chairman agreed that Mr. Emerson could offer the amendment at a later date.

By voice vote the Committee, in the presence of a quorum, approved Title XVII, the Food Stamp and Related Provisions title, as amended, with exceptions noted for possible future amendments.

The Committee on Agriculture met on Wednesday, June 13, 1990, pursuant to notice, to again consider Title XVII, the Food Stamps and Related Provisions Title.

Mr. Madigan was recognized by the Chairman to offer an amendment to provide a special provision whereby certain Food Stamp Program cost increases included in Title XVII are subject to sequestration, if sequestration is ordered. Discussions occurred and by voice vote the amendment was approved.

Mr. Emerson offered an amendment on behalf of himself and Mr. Hatcher providing for enhanced waiver authority for food stamp demonstration projects. Mr. Emerson explained the details of the amendment to the Committee. Discussions occurred and by voice vote the amendment was approved.

Mr. Emerson discussed an amendment offered by Mr. Tallon that had been tentatively approved during the May 15 markup of Title XVII concerning state flexibility in budget methods. Mr. Emerson explained that although the amendment was tentatively accepted by the Committee and that the major parts of the amendment were acceptable, there were problems with the amendment, including the cost of the amendment. The Department expressed concern about the section of the amendment that would incur costs. Mr. Tallon agreed to continue to work with Mr. Emerson on this amendment.

Improvement of the Agricultural Economy

Full Committee Consideration

On May 23, 1990, during the business meeting of the Committee Mr. Huckaby offered an amendment to require the Secretary of Agriculture to publish an annual report analyzing the per unit return on current value resulting from the production of upland cotton, rice, wheat, corn, oats, barley, grain sorghum, soybeans, peanuts, sugar from sugar beets, and raw sugar from cane. Estimates of returns must include farm program payments. After some discussion, Mr. Grandy proposed that livestock be included in the list. After further discussion, Mr. Grandy withdrew the proposed modification. The Committee adopted the amendment offered by Mr. Huckaby by voice vote.

Mr. Tallon offered an amendment to authorize appropriations to carry out the National Aquaculture Act of 1980 for fiscal years 1991, 1992, and 1993. In support of his amendment Mr. Tallon spoke of aquaculture as an excellent income opportunity for American farmers. The Committee adopted the Tallon amendment by voice vote.

Mr. Rose offered an amendment to require that the Secretary of Agriculture provide by rule for a system of informing the ultimate consumer of an agricultural commodity or product thereof of the amount of money paid to the agricultural producer for the commodity contained in the product. Mr. Rose explained that the amendment was not a labelling requirement and gave the Secretary broad discretion with regard to its implementation. At the same time Mr. Rose offered a second amendment to require that the Secretary establish a system to measure the extent to which reductions in prices of agricultural commodities or products thereof are passed through to the ultimate consumer. The Secretary would publish in the Federal Register the names of the commodities and products and the amount of savings which were passed through and the sellers or manufacturers of the products. Mr. Emerson mentioned that his sympathy with Mr. Rose's purpose. Mr. Gunderson asked a representative from the Administration to comment on how the first of Mr. Rose's amendment would be implemented. The Administration official indicated that the Department already

collected much of the described information but that he could not say exactly how the proposal would be implemented. Mr. Stangeland spoke in support of the amendment. Mr. Gunderson suggested that the amendment would be difficult to implement. Mr. Grant spoke in support of the amendment. Mr. Emerson asked Mr. Rose if he would be willing to consider a modification of his proposal that would require the Secretary to begin some generic program of educating the public with respect to the farmer's share of the retail food dollar in lieu of his approach. Mr. Volkmer also questioned the manner in which the first amendment could be implemented. Mr. Rose mentioned that the intent of the amendment was that its requirements apply to sales in grocery stores. Mr. Coleman expressed his concern that the amendment was not workable. Mr. English suggested that implementation of the amendment need not be all that complicated. By unanimous consent, the Committee adopted a modification to the first of the amendments proposed by Mr. Rose to provide that the Secretary's regulation require that the consumer be informed of the approximate amount received by the farmer for a given product. The modification was to clarify that the Secretary need not require information on the exact amount. Mr. Grandy offered an amendment to strike two subsections from the first of Mr. Rose's amendments. The first subsection to be stricken was to stipulate that the system set up by the Secretary include a requirement that each commodity or product be labelled in a clear and conspicuous manner with the information required. The subsection also would have allowed the Secretary to require an alternate means of providing the required information. The second subsection to be stricken by the Grandy amendment would have provided for imprisonment or the imposition of a fine in the case where an individual failed to comply. Mr. Stenholm expressed concern with the possible impact the Rose amendment could have on the small business owner and suggested that it be withdrawn. Mr. Tallon spoke in support of Mr. Rose's amendments. Mr. Roberts and Mr. Glickman expressed concerns with the amendments. Mr. Rose asked for unanimous consent that the subsections proposed to be stricken by Mr. Grandy be removed from the amendment. The modification was agreed to. The Committee agreed to the amendments en bloc, as modified, by voice vote.

Mr. Jontz offered an amendment on grain quality. Mr. Jontz explained that the amendment would: establish a Grain Quality Committee within the Department of Agriculture; direct the Administrator of the FGIS to study the costs and benefits of marketing cleaner grain; direct the CCC to establish premiums and discounts relating to cleanliness factors; and direct the USDA to establish criteria for grain inspection instruments and procedures for commercial inspections. Mr. Roberts commended Mr. Jontz and expressed his hope that changes required by the bill would not be paid for by the farmer. Mr. Grandy spoke in support of the amendment. Mr. Glickman also spoke in support of the amendment. The Committee adopted the amendment offered by Mr. Jontz by voice vote.

Chairman de la Garza offered amendments en bloc. One of the amendments provides for enhancing cooperation in control and eradication of plant pests. Another of the amendments would au-

thorize a program under which the Secretary could swap agreements to support agricultural development in less developed countries in exchange for external debt of that country. A third amendment provides for enhancing international cooperation in animal disease control. The amendments en bloc were adopted by the Committee by voice vote.

On June 13, 1990 during the business meeting of the Committee, Mr. Panetta offered an amendment to narrow the Defense Department exception to the Farmland Protection Policy Act. Mr. Madigan indicated that he had no objections to the amendment. The Committee adopted the amendment by voice vote.

Mr. Harris offered an amendment that would require the Secretary of Agriculture to initiate and collect inventory survey data and statistics on the availability and quality of forage, grasslands, and range crops. Mr. Harris indicated that this information is of vital importance to farmers and ranchers across the nation. The Committee adopted the amendment by voice vote.

Mr. Jontz offered an amendment on behalf of himself, Mr. Glickman, Mr. Johnson, and Mr. Stenholm. The amendment would direct the Comptroller General of the United States to conduct a study on the subject of concentration in the meat packing industry. The Committee adopted the amendment by voice vote.

Mr. Stenholm offered an amendment to require the Department of Agriculture to identify, review, and correct forecasting errors associated with commodity program spending. Mr. Panetta spoke in support of the amendment. The Committee adopted the amendment by voice vote.

Mr. Nagle offered an amendment to establish an assistance program for farmers with disabilities. Under the amendment, appropriations would be authorized for fiscal years 1992 through 1996 for grants. Mr. Nagle responded to a number of questions from Mr. Madigan regarding the purpose of the amendment. Mr. Grandy indicated that he believed that there was a real need for the amendment offered by Mr. Nagle. Mr. Volkmer spoke in support of the amendment. After further discussion, the question was taken on the amendment with the Chairman's stipulation (agreed to by unanimous consent) that if the amendment was adopted and if the Parliamentarian of the House advised that inclusion of the provision in the Committee's version of the bill would result in its referral to another Committee of the House, then the provision would be deleted from the bill. The Committee adopted the amendment by a show of hands of 18 ayes to 14 nays.

Mr. Stenholm offered an amendment to require the Department of Agriculture to develop a new set of budget terms and totals which include commodity certificates in the budget totals submitted by the Administration to the Congress. Mr. Glickman spoke in support of the amendment. After some further discussion, the amendment was adopted by the Committee by voice vote.

Mr. Stenholm offered an amendment expressing the sense of Congress that commodity checkoff programs should focus their efforts on improving marketing conditions rather than on increasing production of products in surplus; that checkoff programs should focus on educating the public regarding practices and developments in the production sector; and that the boards and councils adminis-

tering checkoff program should pursue new food and nonfood uses for products developed through technological advances that hold promise for increasing their marketability. Mr. Hatcher spoke in support of the amendment. The Committee adopted the amendment by voice vote.

Chairman de la Garza offered an amendment to the grain quality provisions agreed to by the Committee. The amendment changes the language of the cargo loading section to require that officially inspected export grain be loaded according to a plan that provides for certification of grain as accurately as practical. The amendment was agreed to by the Committee by unanimous consent.

Chairman de la Garza offered an amendment to authorize appropriations for grants to agencies which assist low-income migrant and seasonal farmworkers. The amendment was agreed to by the Committee by unanimous consent.

Chairman de la Garza offered a number of amendments en bloc. One of the amendments restored provisions relating to aflatoxin testing which were inadvertently omitted when proposals from the Subcommittee on Wheat, Soybeans, and Feed Grains were presented to the Committee. The amendment would make it mandatory for export corn to be tested for aflatoxin and would direct the Secretary of Agriculture to develop uniform equipment standards and testing procedures for use in testing for aflatoxin. The amendments en bloc were adopted by the Committee by voice vote.

COMMITTEE VIEWS ON CERTAIN ISSUES

Beginning farmers.—The Committee encourages the Department of Agriculture to pay special attention to beginning farmers or ranchers with regard to the sale or lease of Federal Government inventory property. The Committee believes the Department should ascertain whether, as a minimum, beginning farmers or ranchers should be considered to be those who have not farmed or ranched for more than seven years or who are entering farming or ranching for the first time.

Shortage of grain railcars.—Since rail transportation is crucial to the well-being of American agriculture, the Committee finds that adequate numbers of grain railcars must be maintained to preserve the competitiveness of United States agriculture. The Committee requests that the Department actively seek solutions to present and future rail transportation problems in order to maintain and improve the competitive position of United States agriculture in the world markets.

SECTION-BY-SECTION ANALYSIS

TITLE I—COTTON

Section 101—Loan rates, target prices, disaster payments, acreage limitation program, and land diversion for the 1991 through 1995 crops of upland cotton

Section 101 amends, effective only for the 1991 through 1995 crops of upland cotton, the Agricultural Act of 1949 by inserting a new section 103B to provide for loan rates, target prices, disaster

payments, and acreage limitation and land diversion programs for such crops.

The new section 103B(a)(1) will require the Secretary, except as provided in paragraph (2), on presentation of warehouse receipts or other acceptable evidence of title, as determined by the Secretary, reflecting accrued storage charges of not more than 60 days, make available for the 1991 through 1995 crops of upland cotton to producers nonrecourse loans for a term of 10 months from the first day of the month in which the loan is made at such loan level, per pound, as will reflect for the base quality of upland cotton, as determined by the Secretary, at average location in the United States a level that is not less than the smaller of—

(A) 85 percent of the average price (weighted by market and month) of such base quality of cotton as quoted in the designated United States spot markets during 3 years of the 5-year period ending July 31 in the year in which the level of price support is announced, excluding the year in which the average price was the highest and the year in which the average price was the lowest in such period; or

(B) 90 percent of the average, for the 15-week period beginning July 1 of the year in which the level of price support is announced, of the 5 lowest-priced growths of the growths quoted for Middling one and three-thirty-seconds inch cotton C.I.F. Northern Europe (adjusted downward by the average difference during the period April 15 through October 15 of the year in which the loan is announced between such average northern European price quotation of such quality of cotton and the market quotations in the designated United States spot markets for the base quality of upland cotton, as determined by the Secretary).

Subsection (a)(1) also requires, for purposes of perfecting a security interest under any State law, that the evidence of title approved by the Secretary under paragraph (1) be considered to be a warehouse receipt.

Current law provides that the base quality loan rate for upland cotton be based on Strict Low Middling one and one-sixteenth inch upland cotton (micronaire 3.5 through 4.9). The Committee intends that this rigid statutory formula for base quality upland cotton be replaced with a more flexible formula, as described in section 108 of this section-by-section analysis.

The new section 103B(a)(2)(A) prohibits the loan level for any crop determined under paragraph (1) from being reduced by more than 5 percent from the loan level determined for the preceding crop, and further prohibits such loan level from being reduced below 50 cents per pound.

The new section 103B(a)(2)(B) authorizes the Secretary, if for any crop the average northern European price determined under paragraph (1)(B) is less than the average United States spot market price determined under paragraph (1)(A), to increase the loan level to such level as the Secretary may deem appropriate, not in excess of the average United States spot market price determined under paragraph (1)(A).

The new section 103B(a)(3) requires the Secretary to determine and announce the loan level for any crop of upland cotton not later

than November 1 of the calendar year preceding the marketing year for which such loan is to be effective. Such loan level may not be changed after such determination and announcement.

The new section 103B(a)(4)(A) requires, except as provided in subparagraph (B), that, on request of the producer during the 10th month of the loan period for the cotton, nonrecourse loans provided for in section 103B be made available for an additional term of 8 months.

The new section 103B(a)(4)(B) will limit loan extensions under subparagraph (A) such that a request to extend the loan period may not be approved in any month in which the average price of the base quality of upland cotton, as determined by the Secretary, in the designated spot markets for the preceding month exceeded 130 percent of the average price of such base quality of cotton in such markets for the preceding 36-month period.

The new section 103B(a)(5)(A) requires the Secretary to implement the provisions of Plan A or Plan B in accordance with paragraph (5), if the Secretary determines that the prevailing world market price for upland cotton (adjusted to United States quality and location) is below the loan level determined under the foregoing provisions of subsection (a), in order to make United States upland cotton competitive in world markets.

The new section 103B(a)(5)(B) requires the Secretary, if the Secretary elects to implement Plan A, to permit a producer to repay a loan made for any crop at a level determined and announced by the Secretary at the same time the Secretary announces the loan level for such crop as determined under paragraph (3). Such repayment level for loans on such crops may not be less than 80 percent of the loan level determined for the crop. Such repayment level, once announced for the crop, may not thereafter be changed.

The new section 103B(a)(5)(C)(i) requires the Secretary, if the Secretary elects to implement Plan B (except as provided in clause (ii)), to permit a producer to repay a loan made for any crop at a level that is the lesser of—

(I) the loan level determined for such crop; or

(II) the prevailing world market price for upland cotton (adjusted to United States quality and location), as determined by the Secretary.

The new section 103B(a)(5)(C)(ii) provides that, for each of the 1991 through 1995 crops of cotton, if the prevailing world market price for upland cotton (adjusted to United States quality and location) as determined by the Secretary, is less than 80 percent of the loan level determined for such crop, the Secretary may permit a producer to repay a loan made under this subsection for a crop at such level (not in excess of 80 percent of the loan level determined for such crop) as the Secretary determines will—

(I) minimize potential loan forfeitures;

(II) minimize the accumulation of cotton stocks by the Federal Government;

(III) minimize the cost incurred by the Federal Government in storing cotton; and

(IV) allow cotton produced in the United States to be marketed freely and competitively, both domestically and internationally.

The new section 103B(a)(5)(D)(i) requires the Secretary, in order to make United States upland cotton competitive in world markets and to maintain and expand domestic consumption and exports of upland cotton produced in the United States, to provide for the issuance of negotiable marketing certificates in accordance with subparagraph (D), if, during the period beginning August 1, 1991, and ending July 31, 1996, a program carried out under Plan A or Plan B fails to make United States upland cotton fully competitive in world markets and the prevailing world market price of upland cotton (adjusted to United States quality and location), as determined by the Secretary, is below the current loan repayment rate for upland cotton determined under subparagraph (A).

The new section 103B(a)(5)(D)(ii) requires the Commodity Credit Corporation, under such regulations as the Secretary may prescribe, to make payments, through the issuance of negotiable marketing certificates, to first handlers of cotton (persons regularly engaged in buying or selling upland cotton) who have entered into an agreement with the Commodity Credit Corporation to participate in the program established under subparagraph (D). Subparagraph (D) also requires that such payments must be made in such monetary amounts and subject to such terms and conditions as the Secretary determines will make upland cotton produced in the United States available at competitive prices, consistent with the purposes of this subparagraph.

The new section 103B(a)(5)(D)(iii) requires the value of each certificate issued under clause (ii) to be based on the difference between—

(I) the loan repayment rate for upland cotton under Plan A or Plan B, as the case may be; and

(II) the prevailing world market price of upland cotton (adjusted to United States quality and location), as determined by the Secretary.

The new section 103B(a)(5)(D)(iv) authorizes the Commodity Credit Corporation, under regulations prescribed by the Secretary, to assist any person receiving marketing certificates under subparagraph (D) in the redemption of certificates for cash, or the marketing or exchange of such certificates for agricultural commodities or the products thereof owned by the Commodity Credit Corporation, at such times, in such manner, and at such price levels as the Secretary determines will best effectuate the purposes of the program established under subparagraph (D). Any price restrictions that may otherwise apply to the disposition of agricultural commodities by the Commodity Credit Corporation will not apply to the redemption of certificates under this subparagraph.

The new section 103B(a)(5)(D)(v) requires—(I) insofar as is practicable, the Secretary to permit owners of certificates to designate the commodities and the products thereof, including storage sites thereof, such owners would prefer to receive in exchange for certificates; and (II) that, if any certificate is not presented for redemption, marketing, or exchange within a reasonable number of days after the issuance of such certificate (as determined by the Secretary), reasonable costs of storage and other carrying charges, as determined by the Secretary, be deducted from the value of the certificate for the period beginning after such reasonable number of

days and ending with the date of the presentation of such certificate to the Commodity Credit Corporation.

The new section 103B(a)(5)(D)(vi) requires the Secretary to take such measures as may be necessary to prevent the marketing or exchange of agricultural commodities and products for certificates under this subsection from adversely affecting the income of producers of such commodities or products.

The new section 103B(a)(5)(D)(vii) authorizes, under regulations prescribed by the Secretary, certificates issued to cotton handlers under this subparagraph to be transferred to other handlers and persons approved by the Secretary.

The new section 103B(a)(5)(E)(i) requires the Secretary to prescribe by regulation—

(I) a formula to define the prevailing world market price for upland cotton (adjusted to United States quality and location); and

(II) a mechanism by which the Secretary will announce periodically the prevailing world market price for upland cotton (adjusted to United States quality and location).

The new section 103B(a)(5)(E)(ii) requires that the prevailing world market price for upland cotton (adjusted to United States quality and location) established under subparagraph (E) must be used for purposes of Plan A (authorized under subparagraph (B)), Plan B (authorized under subparagraph (C)), and marketing certificates (authorized under subparagraph (D)).

The new section 103B(a)(5)(F)(i) requires that, during the period from August 1, 1991 through July 31, 1996, the prevailing world market price for upland cotton (adjusted to United States quality and location) established under subparagraph (E) must be further adjusted if:

(I) such adjusted prevailing world market price is less than 115 percent of the current crop year loan level for the base quality of upland cotton, as determined by the Secretary; and

(II) the Friday through Thursday average price quotation for the lowest-priced U.S. growth as quoted for Middling (M) one and three-thirty seconds inch cotton delivered C.I.F. Northern Europe is greater than the Friday through Thursday average price of the five lowest-priced growths of upland cotton, as quoted for Middling (M) one and three-thirty seconds inch cotton, delivered C.I.F. Northern Europe (hereafter referred to as "the Northern Europe price").

The Friday through Thursday average price quotations referred to in the new sections 103B(a)(5)(F), (G), and (H) are intended to be the same price quotations as prescribed in the regulations promulgated by the Secretary in the determination of the world market price in accordance with section 103A of the Agricultural Act of 1949, as it was in effect for the 1986 through 1990 crops of upland cotton.

The new section 103B(a)(5)(F)(ii) requires that such adjusted prevailing world market price must be further adjusted on the basis of some or all of the following data, as available:

(I) the U.S. share of world cotton exports;

(II) the current level of cotton export sales and cotton export shipments; and

(III) other data determined by the Secretary, or a designee of the Secretary, to be relevant in establishing an accurate prevailing world market price for upland cotton (adjusted to United States quality and location).

The new section 103B(a)(5)(F)(iii) provides that any adjustment to the prevailing world market price for upland cotton may not exceed the difference between the Friday through Thursday average price for the lowest-priced U.S. growth as quoted for Middling one and three-thirty seconds inch cotton C.I.F. Northern Europe and "the Northern Europe price".

The new section 103B(a)(5)(G) requires that, during the period beginning August 1, 1991, and ending July 31, 1996, if for any consecutive four-week period, the Friday through Thursday average price quotation for the lowest-priced United States growth, as quoted for Middling (M) one and three thirty-seconds inch cotton, delivered C.I.F. Northern Europe exceeds the Northern Europe price by more than 1.25 cents per pound, then the Secretary must issue negotiable marketing certificates to domestic users or exporters for documented sales made in the week following such consecutive four-week period. Subparagraph (G) further requires that (i) the value of such negotiable marketing certificates must be based on the amount of the difference, reduced by 1.25 cents per pound, in such prices during the fourth week of the consecutive four-week period multiplied by the quantity of upland cotton included in such documented sales, (ii) that the provisions of subparagraphs (D)(iv) through (vii) apply to negotiable marketing certificates issued under subparagraph (G), and (iii) that any such certificates may be transferred to other persons approved by the Secretary under regulations prescribed by the Secretary.

The new section 103B(a)(5)(H)(i) requires the President, within 60 days after the date of enactment of this section, to establish an import quota program that provides that whenever the Secretary determines and announces that for any consecutive ten week period, the Friday through Thursday average price quotation for the lowest-priced United States growth, as quoted for Middling (M) one and three thirty-seconds inch cotton, delivered C.I.F. Northern Europe, adjusted for the value of any certificates issued under subparagraph (F), exceeds the Northern Europe price by more than 1.25 cents per pound, there will immediately be in effect a special limited global import quota.

The new section 103B(a)(5)(H)(ii) requires that the special limited global import quota described in clause (i) must be equal to one week's consumption of upland cotton by domestic mills at the seasonally adjusted average rate of the most recent 3 months for which data are available.

The new section 103B(a)(5)(H)(iii) requires that the special limited global import quota described in clause (i) will apply to upland cotton purchased not later than 90 days after the date of the Secretary's announcement under clause (i) and entered into the United States not later than 180 days after such date.

The new section 103B(a)(5)(H)(iv) provides that a special quota period may be established that overlaps any existing quota period if required by the provisions of clause (i), except that a special

quota period may not be established under paragraph (H) if a special quota period has been established under subsection (n).

The new section 103B(a)(6) requires the Secretary, in order to encourage and assist producers in the orderly ginning and marketing of their production of upland cotton, to make recourse loans available to such producers on seed cotton in accordance with authority vested in the Secretary under the Commodity Credit Corporation Charter Act.

The new section 103B(b)(1) requires the Secretary, for each of the 1991 through 1995 crops of upland cotton, to make payments available to producers who, although eligible to obtain a loan under subsection (a), agree to forgo obtaining such loan in return for such payments.

The new section 103B(b)(2) requires a payment under this subsection to be computed by multiplying—

(A) the loan payment rate; by

(B) the quantity of upland cotton on which the producer requests payment.

The new section 103B(b)(3) limits the quantity of upland cotton eligible for payment under subsection (b) to the quantity of upland cotton not in excess of the product obtained by multiplying—

(A) the individual farm program acreage for the crop; by

(B) the actual yield per harvested acre established for the farm.

The new section 103B(b)(4) requires that, for purposes of this subsection, the loan payment rate must be the amount by which—

(A) the loan level determined for such crop under subsection (a) exceeds

(B) the level at which a loan may be repaid under subsection (a).

The new section 103B(b)(5) authorizes the Secretary to make up to one-half the amount of a payment under this subsection available in the form of negotiable marketing certificates, subject to the terms and conditions provided in subsection (a)(5)(D).

The new section 103B(c)(1)(A) requires the Secretary to make available to producers payments (to be known as 'deficiency payments') for each of the 1991 through 1995 crops of upland cotton in an amount computed by multiplying—

(i) the payment rate; by

(ii) the individual farm program acreage; by

(iii) the farm program payment yield established for the crop for the farm.

The new section 103B(c)(1)(B)(i) provides that, if an acreage limitation program under subsection (e)(2) is in effect for a crop of upland cotton and the producers on a farm devote a portion of the permitted upland cotton acreage of the farm (as determined in accordance with subsection (e)(2)(A)) equal to more than 8 percent of the permitted upland cotton acreage of the farm for the crop to conservation uses (except as provided in subparagraph (F)), then—

(I) such portion of the permitted upland cotton acreage in excess of 8 percent of such acreage devoted to conservation uses (except as provided in subparagraph (F)) will be considered to be planted to upland cotton for the purpose of determining the individual farm program acreage in accordance

with subsection (e)(2)(E) and for the purpose of determining the acreage on the farm required to be devoted to conservation uses in accordance with subsection (e)(2)(D); and

(II) the producers will be eligible for payments under this paragraph on such acreage, subject to the compliance of the producers with clause (ii).

The new section 103B(c)(1)(B)(ii)(I) requires that, to be eligible for payments under clause (i), except as provided in subclause (II) and clause (iv), the producers on a farm must actually plant upland cotton for harvest on at least 50 percent of the permitted upland cotton acreage of the farm.

The new section 103B(c)(1)(B)(ii)(II) authorizes the Secretary to waive the 50 percent planting requirement in subclause (I) for any crop of upland cotton.

The new section 103B(c)(1)(B)(iii) provides that, notwithstanding any other provision of section 103B, if any producer elects to devote a portion (or, where the Secretary exercises the waiver authority under clause (ii)(II), all) of the permitted upland cotton acreage of the farm to conservation uses (or other uses as provided in subparagraph (F)) under this subparagraph, then such producer will receive deficiency payments on the acreage that is considered to be planted to upland cotton and eligible for payments under this subparagraph for such crop at a rate established by the Secretary, except that such rate may not be established at less than the projected deficiency payment rate for the crop, as determined by the Secretary. Such projected payment rate for the crop must be announced by the Secretary prior to the period during which upland cotton producers may agree to participate in the program for such crop.

The new section 103B(c)(1)(B)(iv) provides that if a State or local agency has imposed in an area of a State or county a quarantine on the planting of upland cotton for harvest on farms in such area, the State committee established under section 8(b) of the Soil Conservation and Domestic Allotment Act may recommend to the Secretary that payments be made under this paragraph to producers in such area who were required to forgo the planting of upland cotton for harvest on acreage to alleviate or eliminate the condition requiring such quarantine. If the Secretary determines that such condition exists, the Secretary may make payments under this paragraph to such producers. To be eligible for payments under this clause, such producers must devote such acreage to conservation uses (except as provided in subparagraph (F)).

The new section 103B(c)(1)(B)(v) provides that if an acreage limitation program under subsection (e) is in effect for any crop of upland cotton and if the Secretary determines that producers on a farm are prevented from planting the acreage intended for upland cotton to upland cotton because of drought, flood, or other natural disaster, or other condition beyond the control of the producers, then the Secretary will be requires to make available to such producers payments computed as provided in paragraph (1)(A). Producers will be eligible for such payments if a portion (or all) of the permitted upland cotton acreage of the farm is devoted to conservation uses (except as provided in paragraph (F)). Such acreage equal to more than 8 percent of the permitted upland cotton acreage of the

farm for the crop will be considered to be planted to upland cotton for the purpose of determining the individual farm program acreage in accordance with subsection (e)(2)(E) and for the purpose of determining the acreage on the farm required to be devoted to conservation uses in accordance with subsection (e)(2)(D). The provisions of clauses (iii) and (vi) will apply to any such producers.

The Committee recognizes that severe flooding, drought or other conditions may temporarily prevent the compliance of producers with the requirement that approved conservation uses or cultural practices be implemented in order to be eligible for prevented planted payments under section 103B(c)(1)(B)(v). Accordingly, the Committee directs the Secretary to provide procedures for temporarily waiving such requirement when conditions warrant such a waiver.

The new section 103B(c)(1)(B)(vi) provides that the upland cotton crop acreage base and upland cotton farm program payment yield of the farm may not be reduced due to the fact that such portion (or all) of the permitted acreage of the farm was devoted to conserving uses (except as provided in subparagraph (F)).

The new section 103B(c)(1)(B)(vii) prohibits, other than as provided in clauses (i) through (v), payments from being made under paragraph (1) for any crop on a greater acreage than the acreage actually planted to upland cotton.

The new section 103B(c)(1)(B)(viii) prohibits any acreage considered to be planted to upland cotton in accordance with clauses (i) and (v) from also being designated as conservation use acreage for the purpose of fulfilling any provisions under any acreage limitation or land diversion program requiring that the producers devote a specified acreage to conservation uses.

The new section 103B(c)(1)(C) requires that the payment rate for upland cotton will be the amount by which the established price for the crop of upland cotton exceeds the higher of—

(i) the national average market price received by producers during the calendar year that includes the first 5 months of the marketing year for such crop, as determined by the Secretary; or

(ii) the loan level determined for such crop.

The new section 103B(c)(1)(D) requires that the minimum established price for upland cotton may not be less than $0.729 per pound.

The new section 103B(c)(1)(E) requires that the total quantity of upland cotton on which payments would otherwise be payable to a producer on a farm for any crop under this paragraph must be reduced by the quantity on which any disaster payment is made to the producer for the crop under paragraph (2).

The new section 103B(c)(1)(F) authorizes the Secretary to permit, subject to such terms and conditions as the Secretary may prescribe, all or any part of acreage otherwise required to be devoted to conservation uses as a condition of qualifying for payments under subparagraph (B) to be devoted to sweet sorghum or the production of guar, sesame, safflower, sunflower, rapeseed, castor beans, mustard seed, crambe, plantago ovato, flaxseed, triticale, rye, commodities for which no substantial domestic production or market exists but that could yield industrial raw material being

imported, or likely to be imported, into the United States, or commodities grown for experimental purposes (including kenaf), subject to the following sentence. The Secretary may permit such acreage to be devoted to such production only if the Secretary determines that—

(i) the production is not likely to increase the cost of the price support program and will not affect farm income adversely; and

(ii) the production is needed to provide an adequate supply of the commodity, or, in the case of commodities for which no substantial domestic production or market exists but that could yield industrial raw materials, the production is needed to encourage domestic manufacture of such raw material and could lead to increased industrial use of such raw material to the long-term benefit of United States industry.

It is the Committee's intent that the Secretary consider the cost of operating the marketing loan program for safflower, sunflower, rapeseed, mustard seed, and flaxseed when considering whether the production of such commodities is likely to increase the cost of the price support program under subparagraph (F).

The new section 103B(c)(2)(A)(i) requires, except as provided in subparagraph (C), that if the Secretary determines that the producers on a farm are prevented from planting any portion (or all) of the acreage intended for upland cotton to upland cotton or other nonconserving crops because of drought, flood, or other natural disaster, or other condition beyond the control of the producers, then the Secretary must make a prevented planting disaster payment to the producers in an amount equal to the product obtained by multiplying—

(I) the number of acres so affected but not to exceed the acreage planted to upland cotton for harvest (including any acreage that the producers were prevented from planting to upland cotton or other nonconserving crops in lieu of upland cotton because of drought, flood, or other natural disaster, or other condition beyond the control of the producers) in the immediately preceding year; by

(II) 75 percent of the farm program payment yield established for the farm by the Secretary; by

(III) a payment rate equal to 33⅓ percent of the established price for the crop.

The new section 103B(c)(2)(A)(ii) provides that payments made by the Secretary under this subparagraph may be made in the form of cash or in such other form as the Secretary is authorized by law to make.

The new section 103B(c)(2)(B) requires, except as provided in subparagraph (C), that if the Secretary determines that because of drought, flood, or other natural disaster, or other condition beyond the control of the producers, the total quantity of upland cotton that the producers are able to harvest on any farm is less than the result of multiplying 75 percent of the farm program payment yield established for the farm for such crop by the acreage planted for harvest for such crop, then the Secretary must make a reduced yield disaster payment to the producers at a rate equal to 33⅓ per-

cent of the established price for the crop for the deficiency in production below 75 percent for the crop.

The new section 103B(c)(2)(C) prohibits producers on a farm from being eligible for—

(i) prevented planting disaster payments under subparagraph (A), if prevented planting crop insurance is available to the producers under the Federal Crop Insurance Act with respect to the upland cotton acreage of the producers; or

(ii) reduced yield disaster payments under subparagraph (B), if reduced yield crop insurance is available to the producers under such Act with respect to the upland cotton acreage of the producers.

The new section 103B(c)(2)(D)(i) authorizes the Secretary, notwithstanding subparagraph (C), to make a disaster payment to producers on a farm under paragraph (2) if the Secretary determines that—

(I) as the result of drought, flood, or other natural disaster, or other condition beyond the control of the producers, the producers have suffered substantial losses of production either from being prevented from planting upland cotton or other nonconserving crops or from reduced yields;

(II) such losses have created an economic emergency for the producers;

(III) crop insurance indemnity payments under the Federal Crop Insurance Act and other forms of assistance made available by the Federal Government to such producers for such losses are insufficient to alleviate such economic emergency; and

(IV) additional assistance must be made available to such producers to alieviate such economic emergency.

The new section 103B(c)(2)(D)(ii) authorizes the Secretary to make such adjustments in the amount of payments made available under paragraph (2) with respect to an individual farm so as to assure the equitable allotment of such payments among producers, taking into account other forms of Federal disaster assistance provided to the producers for the crop involved.

The new section 103B(d) requires that the farm program payment yields for farms for each crop of upland cotton must be determined under title V of the Agricultural Act of 1949.

The new section 103B(e)(1)(A) provides that, notwithstanding any other provision of the Agricultural Act of 1949, if the Secretary determines that the total supply of upland cotton, in the absence of an acreage limitation program, will be excessive taking into account the need for an adequate carry-over to maintain reasonable and stable supplies and prices and to meet a national emergency, the Secretary may provide for any crop of upland cotton an acreage limitation program as described in paragraph (2).

The new section 103B(e)(1)(B) requires the Secretary, in making a determination under subparagraph (A), to take into consideration the number of acres placed in the conservation acreage reserve established under section 1231 of the Food Security Act of 1985.

The new section 103B(e)(1)(C)(i) If the Secretary elects to put an acreage limitation program into effect for any crop year, the Secretary shall make a preliminary announcement of any such program

not later than November 1 of the calendar year preceding the year in which the crop is harvested. Such announcement shall include, among other information determined necessary by the Secretary, an announcement of the uniform percentage reduction in the upland cotton crop acreage base described in paragraph (2)(A).

The new section 103B(e)(1)(C)(ii) requires the Secretary, not later than January 1 of the calendar year in which the crop is harvested, to make a final announcement of such an acreage limitation program, and requires that such announcement must include, among other information determined necessary by the Secretary, an announcement of the uniform percentage reduction in the upland cotton crop described in paragraph (2)(A).

The new section 103B(e)(1)(C)(iii) requires the Secretary to allow producers in early planting areas to elect to participate in the program on the terms of the acreage limitation program—

(I) first announced for the crop under subparagraph (C)(i); or

(II) as subsequently revised under subparagraph (C)(ii) if the Secretary determines that such producers may be unfairly disadvantaged by such revision.

The new section 103B(e)(1)(D) requires the Secretary to carry out an acreage limitation program described in paragraph (2) for a crop of upland cotton in a manner that will result in a ratio of carry-over to total disappearance (domestic use plus exports) of 30 percent, based on the Secretary's most recent projection of carry-over and total disappearance at the time of announcement of the acreage limitation program.

The new section 103B(e)(2)(A) requires that, if an upland cotton acreage limitation program is announced under paragraph (1), then such limitation must be achieved by applying a uniform percentage reduction (not to exceed 25 percent) to the upland cotton crop acreage base for the crop for each upland cotton-producing farm.

The new section 103B(e)(2)(B) requires that, except as provided in subsection (g), producers who knowingly produce upland cotton in excess of the permitted upland cotton acreage for the farm, as established in accordance with subparagraph (A), will be ineligible for upland cotton loans and payments with respect to that farm.

The new section 103B(e)(2)(C) requires that upland cotton crop acreage bases for each crop of upland cotton must be determined under title V of the Agricultural Act of 1949.

The new section 103B(e)(2)(D)(i) requires a number of acres on the farm to be devoted to conservation uses, in accordance with regulations issued by the Secretary. Such number of acres are required to be determined by dividing—

(I) the product obtained by multiplying the number of acres required to be withdrawn from the production of upland cotton times the number of acres planted to such commodity; by

(II) the number of acres authorized to be planted to such commodity under the limitation established by the Secretary.

The new section 103B(e)(2)(D)(ii) provides that the number of acres determined under clause (i) is referred to in subsection (e) as "reduced acreage".

The new section 103B(e)(2)(E) requires that, except as provided in subsection (c)(1)(B), the individual farm program acreage will be the acreage planted on the farm to upland cotton for harvest

within the permitted upland cotton acreage for the farm as established under this paragraph.

The new section 103B(e)(3)(A) requires that the regulations issued by the Secretary under paragraph (2) with respect to acreage required to be devoted to conservation uses must assure protection of such acreage from weeds and wind and water erosion.

The new section 103B(e)(3)(B) authorizes the Secretary to permit, subject to such terms and conditions as the Secretary may prescribe, all or any part of such acreage to be devoted to sweet sorghum, or the production of guar, sesame, safflower, sunflower, rapeseed, castor beans, mustard seed, crambe, plantago ovato, flaxseed, triticale, rye, or other commodity, if the Secretary determines that such production (i) is needed to provide an adequate supply of such commodities; (ii) is not likely to increase the cost of the price support program; and (iii) will not affect farm income adversely.

The new section 103B(e)(3)(C)(i) requires, except as provided in clause (ii), that haying and grazing be permitted on acreage designated as conservation use acreage for the purpose of meeting any requirements established under an acreage limitation program (including a program conducted under subsection (c)(1)(B)) or land diversion program established under this section, except during any consecutive 5-month period that is established by the State committee established under section 8(b) of the Soil Conservation and Domestic Allotment Act for a State. This section further requires that such 5-month period be established during the period beginning April 1, and ending October 31, of a year.

The new section 103B(e)(3)(C)(ii) authorizes the Secretary, in the case of a natural disaster, to permit unlimited haying and grazing on such acreage.

The new section 103B(e)(4)(A)(i) authorizes the Secretary to make land diversion payments to producers of upland cotton, whether or not an acreage limitation program for upland cotton is in effect, if the Secretary determines that such land diversion payments are necessary to assist in adjusting the total national acreage of upland cotton to desirable goals. Such land diversion are required to be made to producers who, to the extent prescribed by the Secretary, devote to approved conservation uses an acreage of cropland on the farm in accordance with land diversion contracts entered into by the Secretary with such producers.

The new section 103B(e)(4)(A)(ii) requires the Secretary to offer a paid land diversion program to producers of upland cotton if, at the time of final announcement of the acreage limitation program established under this subsection, the projected carry-over of upland cotton for the crop year is equal to or greater than 8 million bales. Payments to producers under such a program will be determined by multiplying—

(I) the payment rate, of not less than 35 cents per pound of cotton, established by the Secretary; by

(II) the program payment yield established for the crop for the farm; by

(III) the number of permitted upland cotton acres diverted on the farm.

The new section 103B(e)(4)(B) provides that the amounts payable to producers under land diversion contracts may be determined

through the submission of bids for such contracts by producers in such manner as the Secretary may prescribe or through such other means as the Secretary determines appropriate. In determining the acceptability of contract offers, the Secretary is required to take into consideration the extent of the diversion to be undertaken by the producers and the productivity of the acreage diverted.

The new section 103B(e)(4)(C) requires the Secretary to limit the total acreage to be diverted under paragraph (4)—

(i) to not more than 15 percent of the upland cotton crop acreage base for a farm; and

(ii) under agreements in any county or local community so as not to affect adversely the economy of the county or local community.

The new section 103B(e)(4)(C) also authorizes the Secretary to allow producers to participate in a land diversion program under paragraph (4) at a level lower than the maximum level announced by the Secretary, at the option of the producer, if the Secretary determines that it will increase participation in such program.

The new section 103B(e)(5)(A) permits the reduced acreage and additional diverted acreage to be devoted to wildlife food plots or wildlife habitat in conformity with standards established by the Secretary in consultation with wildlife agencies.

The new section 103B(e)(5)(B) authorizes the Secretary to pay an appropriate share of the cost of practices designed to carry out the purposes of subparagraph (A).

The new section 103B(e)(5)(C) authorizes the Secretary to provide for an additional payment on such acreage in an amount determined by the Secretary to be appropriate in relation to the benefit to the general public if the producer agrees to permit, without other compensation, access to all or such portion of the farm, as the Secretary may prescribe, by the general public, for hunting, trapping, fishing, and hiking, subject to applicable State and Federal regulations.

The new section 103B(e)(6)(A) requires an operator of a farm desiring to participate in the program conducted under this subsection to execute an agreement with the Secretary providing for such participation not later than such date as the Secretary may prescribe.

The new section 103B(e)(6)(B) authorizes the Secretary, by mutual agreement with producers on a farm, to terminate or modify any such agreement if the Secretary determines such action necessary because of an emergency created by drought or other disaster or to prevent or alleviate a shortage in the supply of agricultural commodities.

The new section 103B(f)(1) authorizes the Secretary, for each of the 1991 through 1995 crops of upland cotton, to make payments available to producers who meet the requirements of this subsection.

The new section 103B(f)(2) provides that payments authorized under subsection (f)(1) may be made—

(A) in the form of upland cotton owned by the Commodity Credit Corporation; or

(B) in such other form as the Secretary is authorized by law to make.

The new section 103B(f)(3)(A) requires payments under subsection (f) to be determined in the same manner as provided in subsection (b).

The new section 103B(f)(3)(B) requires that the quantity of upland cotton to be made available to a producer under subsection (f) must be equal in value to the payments so determined under such subsection.

The new section 103B(f)(4) provides that a producer will be eligible to receive a payment under this subsection for a crop if the producer—

(A) agrees to forgo obtaining a loan under subsection (a);

(B) agrees to forgo receiving payments under subsection (c);

(C) does not plant upland cotton for harvest in excess of the crop acreage base reduced by one-half of any acreage required to be diverted from production under subsection (f); and

(D) otherwise complies with this section.

The new section 103B(g)(1) authorizes the Secretary, notwithstanding whether the failure of a producer to comply fully with the terms and conditions of the program formulated under this section precludes the making of loans and payments, to nevertheless make such loans and payments in such amounts as the Secretary determines are equitable in relation to the seriousness of the failure. The Secretary may consider whether the producer made a good faith effort to comply fully with the terms and conditions of such program in determining whether equitable relief is warranted under this paragraph.

The new section 103B(g)(2) authorizes the Secretary to authorize the county and State committees established under section 8(b) of the Soil Conservation and Domestic Allotment Act to waive or modify deadlines and other program requirements .n cases in which lateness or failure to meet such other requirements does not affect adversely the operation of the program.

The new section 103B(h) authorizes the Secretary to issue such regulations as the Secretary determines necessary to carry out section 103B.

The new section 103B(i) requires the Secretary to carry out the program authorized by section 103B through the Commodity Credit Corporation.

The new section 103B(j) requires that the provisions of section 8(g) of the Soil Conservation and Domestic Allotment Act (16 U.S.C. 590h(g)) (providing for the assignment of certain Government payments) will apply to payments under section 103B.

Section 103B(k) requires the Secretary to provide for the sharing of payments for any farm made under this section among the producers on the farm on a fair and equitable basis.

Section 103B(l) requires the Secretary to provide adequate safeguards to protect the interests of tenants and sharecroppers.

Section 103B(m)(1)(A) prohibits compliance on a farm with the terms and conditions of any commodity program other than the upland cotton program or compliance with crop acreage base requirements for any commodity other than upland cotton from being required as a condition of eligibility for loans or payments under the program provided for under section 103B.

Section 103B(m)(1)(B) provides that if a producer on a farm is participating in the cotton program under section 103B, the crop acreage base for any other commodity for the farm may not be increased if such commodity is produced on the farm in a manner that is not in compliance with—

(i) the terms and conditions of the applicable commodity program for such commodity; or

(ii) the crop acreage base requirements of the applicable commodity program for such commodity.

Section 103B(m)(2) prohibits the Secretary from requiring producers on a farm, as a condition of eligibility for loans or payments under section 103B for such farm, to comply with the terms and conditions of the upland cotton program with respect to any other farm operated by such producers.

Section 103B(n)(1) requires the President, whenever the Secretary determines that the average price of the base quality of upland cotton, as determined by the Secretary, in the designated spot markets for a month exceeded 130 percent of the average price of such quality of cotton in such markets for the preceding 36 months, notwithstanding any other provision of law, to immediately establish and proclaim a special limited global import quota for upland cotton subject to the conditions in subparagraphs (A) through (D).

Section 103B(n)(1)(A) requires that the quantity of the special quota will be equal to 21 days of domestic mill consumption of upland cotton at the seasonally adjusted average rate of the most recent 3 months for which data are available.

Section 103B(n)(1)(B) requires that if a special quota has been established under section 103B(n) during the preceding 12 months, the quantity of the quotas next established hereunder must be the smaller of 21 days of domestic mill consumption calculated as set forth in subparagraph (A) or the quantity required to increase the supply to 130 percent of the demand.

Section 103B(n)(1)(C) provides definitions for the terms "supply", and "demand" for the purposes of subparagraph (B).

Section 103B(n)(1)(D) provides that when a special quota is established under section 103B(n), cotton may be entered under such quota during the 90-day period beginning on the effective date of the proclamation.

Section 103B(n)(2) prohibits, notwithstanding paragraph (1), the establishment of a special quota period—

(A) that overlaps an existing quota period; or

(B) when a special quota period has been established under subsection (a)(5)(H).

Section 102—Suspension of base acreage allotments, marketing quotas, and related provisions

Section 102 makes sections 342, 343, 344, 345, 346, and 377 of the Agricultural Adjustment Act of 1938 inapplicable to any of the 1991 through 1995 crops of upland cotton.

Section 103—Commodity Credit Corporation Sales Price Restrictions

Section 103, effective with respect to the period beginning August 1, 1991, and ending July 31, 1996, amends section 407 of the Agri-

cultural Act of 1949 to direct the Commodity Credit Corporation to sell upland cotton for unrestricted use at the same prices as it sells upland cotton for export, but at not less than 115 percent of the lower of the loan rate or the loan repayment rate in effect for the week in which it is sold, adjusted for current market differentials plus reasonable carrying charges.

Section 104—Nonapplicability of section 103(a) of the Agricultural Act of 1949 to the 1991 through 1995 crops of upland cotton

Section 104 makes the price support provisions of section 103(a) of the Agricultural Act of 1949 inapplicable to the 1991 through 1995 crops.

Section 105—Skiprow practices

Section 105 extends the provisions of section 374(a) of the Agricultural Adjustment Act of 1938 for skiprow practices through the 1995 crop of cotton, and requires that for the 1991 through crops, the rules allow 30 inch rows to be taken into account for classifying the acreage planted to cotton and the area skipped.

Section 106—Preliminary allotments for 1996 crop of upland cotton.

Section 106 requires that, notwithstanding any other provision of law, the permanent State, county, and farm base acreage allotments for the 1977 crop of upland cotton, adjusted for any underplantings in 1977 and reconstituted as provided in section 379 of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1379), will be the preliminary allotments for the 1996 crop.

Section 107—Extra long staple cotton

Section 107 amends section 103(h) of the Agricultural Act of 1949 to extend the cross-compliance and offsetting compliance provisions in sections 103(h)(16)(B) and (C), respectively, and to extend the provisions of section 103(h) through the 1995 crop year by amending paragraph (19).

Section 108—Adjustment of support prices

Section 108 amends section 403 of the Agricultural Act of 1949 to repeal antiquated provisions of such section as they pertain to cotton, and to update such provisions.

The new section 403(b) provides that appropriate adjustments may be made in the support price for cotton for, among other factors, differences in quality factors and location. Beginning with the 1991 crop, the quality differences (premiums and discounts for quality factors) for the upland cotton loan program must be established by the Secretary by giving equal weight to (1) loan differences for the preceding crop and (2) market differences for such crop in the designated United States spot markets.

The Committee is aware that the classification system for measuring the quality factors of cotton is dynamic. Beginning with the 1978 crop, the base quality loan rate has been established basis Strict Low Middling one and one-sixteenth inch upland cotton (micronaire 3.5 through 4.9) at average location in the United States. In recent years an increasing percentage of the crop has been classified under the High Volume Instrument (HVI) classing system.

The Committee has been made aware of plans that, beginning with the 1991 crop, HVI classing will be mandatory for all cotton in order to be eligible for the Commodity Credit Corporation price support loan. Similarly, it is planned that measurement of fiber strength will be added as a quality factor in the price support loan schedules of premiums and discounts, and that the schedule for micronaire discounts will be changed to include a premium for micronaire readings of 3.7 through 4.2 for the higher qualities of cotton.

It is the intent of the Committee that the loan rate for the base quality beginning with the 1991 crop be for Strict Low Middling one and one-sixteenth inch upland cotton (micronaire 3.5 through 3.6 and 4.3 through 4.9, strength 24 through 25 grams per Tex) and that whenever, after consulting with and receiving consent from the industry, it is determined that additional quality factors should be added to the price support loan schedules of premiums and discounts, or the current quality factors should be modified, a base for the new or modified factors will be established and included in the base loan rate in such a manner that the base loan rate will not change.

Section 109—Cottonseed and cottonseed oil price support

Section 109 amends, effective only for the 1991 through 1995 crops of upland cotton, section 203 of the Agricultural Act of 1949 to require the Secretary, if the Secretary determines that any oilseed program or programs cause, or are likely to cause, a reduction in prices received by producers for cottonseed or by processors for cottonseed oil, to take such actions as are necessary to offset the actual or anticipated impact of such program on prices for cottonseed or cottonseed oil. Section 203 as amended will further require that such actions include only actions to stabilize or increase the price of cottonseed, and may not include actions to decrease the prices of other oilseeds.

TITLE II—SUGAR

SUBTITLE A—PRICE SUPPORT AND MARKETING ALLOTMENTS

Section 201—Sugar Program Extension

Section 201(a) amends section 201 of the Agricultural Act of 1949 (7 U.S.C. 1446) effective only for the 1991 through 1995 crops of sugar beets and sugarcane, to authorize and direct the Secretary to provide price support to producers of sugar beets and sugarcane.

The amended section 201(h)—

(1) requires the price of each of the 1991 through 1995 crops of sugar beets and sugarcane, respectively, to be supported;

(2) directs the Secretary to support the price of domestically grown sugarcane through nonrecourse loans at such level as the Secretary determines appropriate but not less than 18 cents per pound for raw cane sugar;

(3) authorizes the Secretary to increase the support price for each of the 1991 through 1995 crops of domestically grown sugarcane and sugar beets from the price determined for the preceding crop based on such factors as the Secretary determines

appropriate, including changes (during the 2 crop years immediately preceding the crop year for which the determination is made) in the cost of sugar products, the cost of domestic sugar production, and other circumstances that may adversely affect domestic sugar production;

(4) directs the Secretary to submit a report containing the findings, decision, and supporting data for such determination to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate, if the Secretary makes a determination not to increase the support price under section 201(h)(2)(B);

(5) requires the Secretary to support the price of each of the 1991 through 1995 crops of domestically grown sugar beets through nonrecourse loans at such level for each such crop as the Secretary determines to reflect—

(A) an amount that bears the same relation to the support level for such crop of sugarcane under section 201(h)(2) as the weighted average of producer returns for sugar beets bears to the weighted average of producer returns for sugarcane, expressed on a cents per pound basis for refined beet sugar and raw cane sugar, for the most recent 5 year period for which data are available, plus

(B) an amount that covers sugar beet processor fixed marketing expenses;

(6) directs the Secretary to announce the loan rate to be applicable during any fiscal year under section 201(h) as far in advance of the beginning of that fiscal year as is practicable consistent with the purposes of that section;

(7) requires loans under this section 201(h) during any fiscal year to be made available not earlier than the beginning of such fiscal year and to mature at the earlier of the end of 9 months or before the end of such fiscal year;

(8) directs the Secretary, with respect to those sugar beet producing areas in which sugar beets normally are harvested during the last 3 months of a fiscal year, to make available, to each borrower under a loan made under section 201(h) during the last 3 months of the fiscal year on sugar processed from sugar beets so harvested, a supplementary nonrecourse loan in addition to the initial loan; and

(9) requires the supplementary loan, in each case, to—

(A) be made available to the borrower as of the first day of the following fiscal year;

(B) be made at the same loan rate as the initial loan; and

(C) mature in 9 months less the amount of time that the initial loan was in effect.

Section 201(b) directs the Comptroller General of the United States to provide, not later than 12 months after the date of enactment of the Food and Agricultural Resources Act of 1990, a report advising the Committee on Agriculture and the Committee on Ways and Means of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate on the progress the various agencies of the United States Government have made in addressing the concerns raised by the General Ac-

counting Office in its official report, RCED-88-146, dated June 1988.

Section 202—Information Reporting

Section 202(a) requires all cane sugar refiners and sugar beet processors and all manufacturers of crystalline fructose from corn (hereinafter in this subtitle referred to as "crystalline fructose") to furnish the Secretary of Agriculture (hereinafter in this subtitle referred to as the "Secretary"), on a monthly basis, such information as the Secretary may require with respect to such person's importation, distribution, and stock levels of sugar or crystalline fructose, respectively.

Section 202(b) makes any person willfully failing or refusing to furnish such information, or furnishing willfully any false information, subject to a civil penalty of not more than $10,000 for each such violation.

Section 202 directs the Secretary to publish on a monthly basis, using the information received under section 202(a), composite data on imports, distribution, and stock levels of sugar and crystalline fructose.

Section 203—Marketing Allotments for Sugar and Crystalline Fructose

Section 203(a) directs the Secretary—

(1) to estimate, before the beginning of each of the fiscal years 1992 through 1996, the amount of sugar that will be consumed in the United States during such fiscal year (other than sugar imported for purposes other than human consumption), and the amount of sugar that will be available from carryin stocks or from domestically-produced sugarcane and sugar beets for consumption in the United States during such year;

(2) to estimate the amount of sugar that will be imported for such consumption during such year (other than sugar imported for purposes other than human consumption), based on the difference between the amount of estimated consumption and the amount of sugar estimated to be available from domestically-produced sugarcane, sugar beets and carryin stocks; and

(3) to make quarterly reestimates of sugar consumption, availability, and imports for a fiscal year no later than the beginning of each of the second through fourth quarters of such fiscal year.

Section 203(b) directs the Secretary to establish, for any fiscal year in which the Secretary estimates, under section 203(a), that imports of sugar for consumption in the United States will be less than 1,250,000 short tons, raw value, appropriate allotments under section 204 for the marketing by processors of sugar processed from domestically-produced sugarcane and sugar beets in a manner that is fair, efficient, and equitable to producers, processors, and refiners, at a level that the Secretary estimates will result in imports of sugar of not less that 1,250,000 short tons, raw value, for that year.

Section 203(c) directs the Secretary to establish, for any fiscal year in which the Secretary establishes allotments for the marketing of sugar under section 204, appropriate allotments for the marketing by manufacturers of crystalline fructose manufactured from

corn, at a level not to exceed the equivalent of 200,000 tons of sugar, raw value, during such fiscal year, in a manner that is fair, efficient, and equitable to manufacturers.

Section 203(d) provides that at any time allotments are in effect and allocated to processors under section 205, the total of—

(1) the amount of sugar marketed by a processor plus

(2) the amount of sugar pledged as collateral for a price support loan under section 201 of the Agricultural Act of 1949 (7 U.S.C. 1446)

may not exceed the amount of the allocation of the allotment made to such processor exclusive of

(A) the marketing during a fiscal year of sugar pledged in that fiscal year as collateral for a price support loan under section 201 of the Agricultural Act of 1949 (7 U.S.C. 1446) after such sugar has been subsequently redeemed; or

(B) any sale of sugar by a sugar beet processor to another sugar beet processor made to enable such other sugar beet processor to fulfill the amount of the allocation of the allotment made to such other processor.

Section 203(d) also prohibits any manufacturer from exceeding the allotment made to it at any time crystalline fructose allotments are in effect for manufacturers under section 203(c), provides that no restrictions or allotments may be established on the marketings of any liquid fructose, makes any processor who violates section 203(d)(1) or manufacturer who violates 203(d)(2) liable to the Commodity Credit Corporation for a civil penalty in an amount equal to 3 times the U.S. market value, at the time of the commission of the violation, of that quantity of sugar or crystalline fructose involved in the violation, and defines, for purposes of subtitle A, the term "market".

Section 204—Establishment of marketing allotments

Section 204 directs the Secretary to establish marketing allotments for sugar for any fiscal year in which such allotments are required under section 203(b) as follows:

(1) The Secretary must establish the overall quantity of sugar to be allotted for such fiscal year (hereafter in this subtitle referred to as the "overall allotment amount") by deducting from the estimated sugar consumption for such fiscal year, as determined under section 203(a)—

(A) 1,250,000 short tons, raw value (representing minimum imports of sugar for consumption in the United States during such fiscal year), and

(B) carryin stocks of sugar, including sugar in Commodity Credit Corporation inventory.

The Secretary must adjust the overall allotment amount to prevent to the maximum extent practicable the accumulation of sugar acquired by the Commodity Credit Corporation.

(2) The overall allotment amount for the fiscal year must be allotted among—

(A) sugar derived from sugar beets; and

(B) sugar derived from sugarcane.

(3)(A) The Secretary must establish percentage factors for the overall beet sugar and cane sugar allotments applicable for

a fiscal year. The Secretary shall establish such percentage factors in a fair and equitable manner on the basis of past marketings of sugar (considering for such purposes the marketings of sugar processed from sugarcane and sugar beets of any or all of the 1985 through 1989 crops), processing and refining capacity, and the ability of processors to market the sugar covered under the allotments.

(B) The Secretary must publish these percentage factors in the Federal Register, along with a description of the Secretary's reasons for establishing the factors, as provided in section 202(c).

(4) The marketing allotment for sugar derived from sugarcane and the marketing allotment for sugar derived from sugar beets for a fiscal year, in each case, must be an amount equal to the product of multiplying the overall allotment amount for the fiscal year by the percentage established by the Secretary under paragraph (3)(A) for such allotment.

(5) The allotment for sugar derived from sugarcane must be further allotted among the four States in the United States in which sugarcane is produced, and Puerto Rico (hereafter in this subtitle the term "State" shall include Puerto Rico), in a fair and equitable manner on the basis of past marketings of sugar (considering for such purposes the average of marketings of sugar processed from sugarcane in the 2 highest years of production from each State from the 1985 through 1989 crops), processing and refining capacity, and the ability of processors to market the sugar covered under the allotments.

(6)(A) The Secretary must, based on reestimates under section 203(a)(2), adjust upward or downward marketing allotments established under section 204(1) through (5) in a fair and equitable manner, or suspend such allotments, as the Secretary determines appropriate, to reflect changes in estimated sugar consumption, availability, or imports.

(B) In the case of any increase or decrease in an allotment, each allocation to a processor of the allotment under section 205, and each proportionate share established with respect to the allotment under section 207(b), must be increased or decreased by the same percentage that the allotment is increased or decreased.

(C) Whenever a marketing allotment for a fiscal year is required to be reduced during that fiscal year under section 204(6)—

(i) if the amount of the sugar marketed, including pledged as collateral for a price support loan under section 201 of the Agricultural Act of 1949 (7 U.S.C. 1446), for such fiscal year at the time of such reduction under the allotment by all processors covered by the allotment exceeds the reduced allotment, the amount of the excess sugar marketed shall be deducted—

(I) if beet sugar is involved, from the marketing allotment, if any, next established for beet sugar, or

(II) if cane sugar is involved, from the marketing allotment next established for the State; and

(ii) if the amount of sugar marketed, including pledged as collateral for a price support loan under section 201 of the Agricultural Act of 1949 (7 U.S.C. 1446), for such fiscal year at the time of the reduction by any individual processor covered by the allotment exceeds the processor's allocation, the amount of the excess sugar marketed shall be deducted from the allocation of an allotment, if any, next established for the processor.

(7) Except as otherwise provided in section 206, each marketing allotment of sugarcane established under this section may only be filled with sugar processed from domestically grown sugarcane, and each marketing allotment of sugar beets established under this section may only be filled with sugar processed from domestically grown sugar beets.

Section 205—Allocation of Marketing Allotments

Section 205(a) directs the Secretary, whenever marketing allotments are established for a fiscal year under section 204, in order to afford all interested persons an equitable opportunity to market sugar processed under an allotment, to allocate each such allotment among the processors covered by the allotment.

Section 205(a) also directs the Secretary to make allocations for cane sugar after such hearing and on such notice as the Secretary by regulation may prescribe, in such manner and in such quantities as to provide a fair, efficient, and equitable distribution of such allocations by taking into consideration processing capacity, past marketings of sugar, and the ability of each processor to market sugar covered by that portion of the allotment allocated, and makes each such allocation subject to adjustment under section 204(6)(B).

Section 205(a) also requires the Secretary to make allocations for beet sugar after such hearing and on such notice as the Secretary by regulation may prescribe, in such manner and in such quantities as to provide a fair, efficient, and equitable distribution of such allocations by taking into consideration processing capacity, past marketings of sugar (considering for such purposes the marketings of sugar processed from sugar beets of any or all of the 1985 through 1989 crops), and the ability of each processor to market sugar covered by that portion of the allotment allocated, and requires each such allocation to be subject to adjustment under section 204(6)(B).

Section 205(b) authorizes the marketing allotment, except as otherwise provided in section 206, established for cane sugar under subtitle A for a fiscal year to be filled only with sugar processed from sugarcane grown in the State covered by the allotment.

Section 206—Assignments of Deficits

Section 206(a) directs the Secretary, at any time allotments are in effect under subtitle A, to determine whether (in view of then-current inventories of sugar, the estimated production of sugar and expected marketings, and other pertinent factors) processors of sugarcane in each State covered by an allotment will be able to market the sugar covered by the allotment applicable to them and

whether processors of sugar beets will be able to market sugar covered by the portion of the beet sugar allotment applicable to them.

Section 206(b) directs the Secretary, if the Secretary determines that the sugarcane processors subject to a State allotment will be unable to market the State's allotment for the fiscal year—

(1) to first reassign the estimated quantity of the deficit proportionately to the allotments for other cane sugar States, depending on the capacity of each other State to fill the portion of the deficit to be assigned to it, with such reassigned amount to each State to be allocated among processors in that State in proportion to the allocations of such processors; and

(2) if after such reassignments, the deficit cannot be completely eliminated, to reassign the remainder to imports.

Section 206(b) also directs the Secretary, if the Secretary determines that a sugar beet processor subject to an allotment will be unable to market that allotment—

(1) to first reassign the estimated quantity of the deficit proportionately to the allotments for other sugar beet processors, depending on the capacity of each other processor to fill the portion of the deficit to be assigned to it; and

(2) if after such reassignments, the deficit cannot be completely eliminated, to reassign the remainder to imports.

Section 206(b) also provides that the allocation of each processor receiving a reassigned amount of an allotment under section 206(b) for a fiscal year must be increased to reflect such reassignment.

Section 207—Provisions applicable to producers

Section 207(a) directs the Secretary, whenever allotments for a fiscal year are allocated to processors under section 205, to obtain from the processors such assurances as the Secretary deems adequate that the allocation will be shared among producers served by the processor in a fair and equitable manner that adequately reflects producers' production histories, and to resolve through arbitration by the Secretary on the request of either party any dispute between a processor and a producer, or group of producers, with respect to the sharing of the processor's allocation.

Section 207(b) directs the Secretary, in any case in which a State allotment is established under section 204(5) and there are in excess of 250 producers in the State to which it applies, to make a determination under section 207(b)(1)(B).

Section 207(b) also requires the Secretary to determine, for each State allotment described in section 207(b)(1)(A), whether the production of sugar, in the absence of proportionate shares, will be greater than the quantity needed to enable processors to fill the allotment and provide a normal carryover inventory and require the Secretary, if the Secretary determines that the amount of sugar processed from all crops by all processors covered by a State allotment for a fiscal year will be in excess of the quantity needed to enable processors to fill the allotment for such fiscal year and provide a normal carryover inventory, to establish proportionate shares for the crop of sugarcane that is harvested during the fiscal year the allotment is in effect as provided in this subsection with each such proportionate share subject to adjustment under section 204(6)(B).

Section 207(b) also directs the Secretary, for purposes of determining proportionate shares for any crop of sugarcane—

(1) to convert the State allotment for the fiscal year involved into a State acreage allotment for the crop by dividing the State allotment by the per-acre yield goal for the State, as established under subparagraph (B),

(2) The Secretary shall establish the State's per-acre yield goal for a crop at a level (not less than the average per-acre yield in the State for the preceding 5 years, as determined by the Secretary) that will ensure an adequate net return per pound to producers in such State, taking into consideration any available production research data that the Secretary deems relevant, and

(3) to establish a uniform reduction percentage for the crop by dividing the State acreage allotment, as determined for such crop under subparagraph (A), by the number of acres in the State that the Secretary estimates would otherwise be harvested for the production of such crop of sugarcane.

Section 207(b) also provides that the uniform reduction percentage for such crop, as determined under section 207(b)(3)(C), must be applied to the acreage base for each farm covered by the State allotment to determine the farm's proportionate share for the crop and that for purposes of section 207(b), the acreage base for each sugarcane-producing farm must be determined by the Secretary, as follows:

(1) The acreage base for any crop shall be the weighted average number of acres on the farm on which sugarcane was harvested for sugar or seed during each of the 5 preceding crops.

(2) In weighting past production of sugarcane, the 5 crops being considered shall be given the following weights:

Past crop:	*Weight factor*
Most recent preceding crop	1
Second most recent preceding crop	2
Third most recent preceding crop	3
Fourth most recent preceding crop	4
Fifth most recent preceding crop	5

(3) Acreage that producers on a farm were unable to harvest to sugarcane for sugar or seed because of drought, flood, other natural disaster, or other condition beyond the control of the producers shall be considered as harvested to sugarcane for sugar or seed for purposes of section 207(b)(4).

Section 207(b) provides that whenever proportionate shares are in effect in a State for a crop of sugarcane, no producer in the State knowingly may harvest for sugar or seed an acreage of sugarcane of such crop in excess of the farm's proportionate share for the crop or otherwise violate proportionate share regulations issued by the Secretary under section 209(a). Section 207(b) also makes any producer who violates section 207(b)(5)(A) liable to the Commodity Credit Corporation for a civil penalty in an amount equal to 3 times the U.S. market value, at the time of the commission of the violation of that quantity of sugar involved in the violation and provides that the quantity of sugar involved must be determined based on the per-acre yield goal established under section 207(b)(3).

Section 207(b) provides that the Secretary may authorize the county and State committees established under section 8(b) of the Soil Conservation and Domestic Allotment Act to waive or modify deadlines and other proportionate share requirements in cases in which lateness or failure to meet such other requirements does not affect adversely the operation of proportionate shares.

Section 208—Special rules

Section 208(a) authorizes the Secretary, for the purpose of establishing proportionate shares for producers under section 207, on application of any producer, may transfer the production history of land owned, operated, or controlled by such producers to any other parcels of land of such applicant.

Section 208(b) authorizes the Secretary, if for reasons beyond the control of the owner of a farm, the owner is unable to use all or a portion of the proportionate share established for the farm under section 207, to reserve for a period of not more than 3 consecutive years the production history of such farm to the extent of the proportionate share involved. Such proportionate share may be redistributed to other farm owners or operators, but no production history may accrue to such other farm owners or operators, by virtue of such redistribution of the proportionate share so redistributed.

Section 208(c) authorizes the Secretary, after such hearing and notice as the Secretary by regulation may prescribe, to revise or amend any allocation of a marketing allotment under section 205, or any proportionate share established for a farm under section 207, on the same basis as the initial allocation or proportionate share was established.

Section 209—Regulations; violations; publication of Secretary's determinations; jurisdiction of the courts; U.S. attorneys

Section 209(a) directs the Secretary to issue such regulations as may be necessary to carry out the powers vested in the Secretary in administering the marketing allotment program under subtitle A and in addition to taking such other action as may be required under 5 U.S.C. 551 through 559, prior to proposing any regulations under paragraph (1), to consult with representatives of domestic sugar processors and producers with regard to ensuring that such regulations achieve the objectives of subtitle A. The results of such consultations must be published in the Federal Register, along with the proposed regulations.

Section 209(b) makes any person knowingly violating any regulation of the Secretary issued under section 209(a) subject to a civil penalty of not more than $5,000 for each violation.

Section 209(c) requires each determination issued by the Secretary to establish, adjust or suspend allotments under subtitle A to be promptly published in the Federal Register and to be accompanied by a statement of the reasons for such determination.

Section 209(d) grants to the several district courts of the United States jurisdiction specifically to enforce, and to prevent and restrain any person from violating, subtitle A or any regulation issued thereunder and makes it the duty of the several United States attorneys, in their respective districts, whenever the Secretary shall so request, to institute proceedings to enforce the reme-

dies and to collect the penalties and forfeitures provided for in this subtitle. The Secretary may elect not to refer to a United States attorney any violation of this subtitle or regulation when the Secretary determines that the administration and enforcement of this subtitle would be adequately served by written notice or warning to any person committing the violation.

Section 209(e) provides that the remedies and penalties provided for in this subtitle shall be in addition to, and not exclusive of, any remedies or penalties existing at law or in equity.

Section 210—Appeals

Section 210(a) provides that an appeal may be taken to the Secretary from any decision under section 205 establishing allocations of marketing allotments, or under section 207, by any person adversely affected by reason of any such decision.

Section 210(b) provides that any such appeal must be taken by filing with the Secretary, within 20 days after the decision complained of is effective, notice in writing of the appeal and a statement of the reasons therefor and unless a later date is specified by the Secretary as part of the Secretary's decision, the decision complained of must be considered to be effective as of the date on which announcement of the decision is made. The Secretary must deliver a copy of any notice of appeal to each person shown by the records of the Secretary to be adversely affected by reason of the decision appealed, and must at all times thereafter permit any such person to inspect and make copies of appellant's reasons for the appeal and must on application permit such person to intervene in the appeal. The Secretary must provide each appellant an opportunity for a hearing. The Secretary must appoint an administrative law judge to conduct a hearing on the record on each appeal under this section. In all other respects, each appeal under this section is subject to the provisions of 5 U.S.C. 551 through 559, and 701 through 706.

Section 211—Administration

Section 211(a) authorizes the Secretary, in carrying out the provisions of sections 202 through 210 of this subtitle, to use the services of local committees of sugar beet or sugarcane producers, sugarcane processors, or sugar beet processors, State and county committees established under section 8(b) of the Soil Conservation and Domestic Allotment Act, and the departments and agencies of the United States Government.

Section 211(b) directs the Secretary to use the services, facilities, funds, and authorities of the Commodity Credit Corporation to carry out the provisions of sections 202 through 210 of subtitle A.

SUBTITLE B—SUGAR FOR RE-EXPORT

Section 221—Definitions

Section 221 defines, for purposes of subtitle B, the terms "Corporation", "eligible country", "market", "processor", "program", "Secretary", and "United States".

Section 222—Establishment of Program

Section 222(a) directs the Secretary, in accordance with the provisions of subtitle B, to establish and implement a special sugar re-export program for sugar imported from eligible countries to be operated—

(1) during each of the fiscal years 1992 through 1996, as required under paragraph (2); and

(2) using the funds and facilities of the Corporation.

Section 222(a) also requires, subject to the limitation under section 222(b), the program to be implemented for a fiscal year whenever the Secretary determines that imports of sugar into the United States for domestic human consumption during such fiscal year will be less than 1,700,000 short tons, raw value and requires the Secretary to make such determination for a fiscal year, and publish such determination in the Federal Register, not later than 30 days prior to the beginning of such fiscal year.

Section 222(a) also requires the Secretary, in implementing the program for a fiscal year, to ensure, to the extent practicable, if funds are available for such purpose under section 225 and there are acceptable bids, that there is imported and re-exported during such fiscal year under the program a quantity of sugar that, when combined with the quantity of sugar otherwise imported into the United States for domestic human consumption during such fiscal year, will cause the total quantity of sugar imported into the United States during such fiscal year to be 1,750,000 short tons. In no event may the quantity imported and re-exported under the program for the fiscal year be less than 100,000 short tons, raw value, or more than 500,000 short tons, raw value, subject to such availability of funds and acceptable bids.

Section 222(b) requires the program implemented for a fiscal year to be suspended whenever the Secretary determines that the 10-day moving average future price for raw cane sugar under the Number 11 contract, New York basis (or successor contract), of the closest trading month equals or exceeds the current national average loan rate for raw cane sugar, as established under section 201(h) of the Agricultural Act of 1949 and requires the program to remain in suspension until such time as the 10-day moving average Number 11 or successor contract price, as determined under the preceding sentence, falls below such national average loan rate. Any such suspension will not affect any bid already accepted by the Secretary under the program. If the Number 11 or successor contract price is not available, the Secretary may use an equivalent price, as determined by the Secretary.

Section 223—Imports of sugar

Section 223(a) directs the Corporation to make payments available under the program each fiscal year, as provided in section 222, in connection with the importation of sugar from eligible countries and requires such payments for a fiscal year to be—

(1) made out of the fund established under section 225(d); and

(2) in a total amount not to exceed the amount of funds available in such fund at the beginning of the fiscal year, less administrative expenses.

Section 223(a) requires the payment to any sugar processor, operator, or refiner for an importation under the program to be—

(1) in an amount determined on a competitive bid basis; and

(2) in an amount determined by the Secretary to be sufficient to permit the payment of the premium specified in subsection (b) and the re-exportation of an equivalent quantity of sugar under this subtitle and requires the Secretary for purposes of ranking bids received from sugar processors, operators, and refiners, to make appropriate adjustments in such bids to reflect differing transportation costs based on refinery and factory location.

Section 223(b) directs the Secretary to ensure that the price paid for the sugar imported into the United States to the person exporting the sugar to the United States under the program reflects a premium above the world market price, as determined by the Secretary, equal to the lesser of—

(1) 7 cents per pound, or

(2) the current national average loan rate for raw cane sugar, as established under section 201(h) of the Agricultural Act of 1949, less the world market price (but in no event less than zero), where such difference is computed as of the time of the bid.

Section 223(c) makes imports of sugar from an eligible country under the program exempt from any provision of law restricting the importation of sugar and excludes them in the determination of the amount of any sugar imported for purposes of any such law.

Section 223(d) requires the Secretary to prorate imports under the program among eligible countries based on those countries' share of total imports of sugar to the United States during a previous representative period, taking into consideration any special factors that may have affected or be affecting such trade.

Section 224—Exports of Sugar

Section 224 directs the Secretary ensure that, no later than 60 days after a quantity of sugar is imported under the program, an equivalent quantity has been exported under the program.

Section 225—Marketing Certificates

Section 225(a) provides that effective for each of the fiscal years 1991 through 1995, no processor may market in the United States any sugar or fructose sweetener processed by such processor unless such processor has a marketing certificate for such sugar or fructose sweetener under this section.

Section 225(b) requires processors to acquire each marketing certificate by purchase from the Corporation, requires the price of each such certificate to be an amount computed by multiplying the pounds of sugar or equivalent amount of fructose sweetener covered by the certificate by a uniform per pound rate that the Secretary determines will ensure that the total amount collected from certificates purchased during the fiscal year will equal—

(1) one-third cent times the number of pounds of sugar or equivalent amount of fructose sweetener the Secretary estimates will be marketed from domestic sources during such fiscal year, minus

(2) any amount in the fund established under subsection (d) as of the beginning of the fiscal year.

In no event may the price of any certificate exceed one-third cent per pound for each pound of sugar or equivalent amount of fructose sweetener covered by the certificate.

Section 225(c) prohibits the transfer of marketing certificates under section 225.

Section 225(d) directs the Corporation to establish a separate interest-bearing fund into which it must deposit the proceeds from all sales of marketing certificates under section 225 that may be used only to make payments under section 223 or to pay the administrative costs of operating the program.

Section 225(e) provides that any money remaining in the fund established under section 225(d) after all re-export agreements under the program have been honored must be available for use in any successor program or, if no successor program is in effect when such agreements have been honored, must be covered into the general account of the Corporation.

Section 226—Regulations

Section 226(a) directs the Secretary to promulgate, after notice and an opportunity for public comment, regulations to implement subtitle B that require, among other things, that—

(1) a certification be provided from an appropriate agency of the government of the eligible country exporting sugar to the United States that the exporter of the sugar has been paid a premium under section 223 for the sugar; and

(2) a performance bond be provided to the Corporation with respect to the importation of sugar under subtitle B, in an amount equal to the value of a quantity of refined sugar equivalent to the corresponding quantity of sugar imported under this subtitle, conditioned on the export of sugar from the United States in accordance with the provisions of this subtitle.

Section 226(b) directs the Secretary to issue proposed regulations to implement subtitle B no later than 180 days after the date of enactment of the Food and Agricultural Resources Act of 1990.

Section 227—Records and Reports

Section 227 applies to all persons required to obtain marketing certificates pursuant to section 225 and to all persons importing sugar or exporting sugar under the program, and any such person must keep such records and, from time to time on request of the Secretary, report to the Secretary such information, as the Secretary finds to be necessary to enable the Secretary to carry out the provisions of subtitle B. Section 227 requires such information to be reported and such records to be kept in such manner as the Secretary prescribes, and authorizes the Secretary to examine such books, records, accounts, or any other documents as the Secretary has reason to believe are relevant and are within the control of any such person for purposes of implementing subtitle B.

Section 228—Enforcement

Section 228(a) makes the Program Fraud Civil Remedies Act of 1986 (31 U.S.C. 3801 et seq.) applicable to the program carried out pursuant to subtitle B.

Section 228(b) requires any person who knowingly violates or attempts to violate or who knowingly participates or aids in the violation of any provision of subtitle B or of any regulation issued under the authority of subtitle B or who knowingly fails to make any report or keep any records as required by subtitle B to be deemed guilty of a misdemeanor and upon conviction thereof to be subject to a fine of not more than $5,000 for each violation.

SUBTITLE C—MISCELLANEOUS

Section 231—Sugarcane disaster assistance

Section 231 amends section 201(k)(2) of the Agricultural Act of 1949 (7 U.S.C. 1446(k)(2)), effective only for the 1990 crop of sugarcane, by inserting a new subparagraph that provides that if, because of frost, freeze, or related condition in 1989 constituting a major disaster or emergency declared by the President in the State of Louisiana under the Disaster Relief Act of 1974 (42 U.S.C. 5121 et seq.), the total quantity of the 1990 crop of sugarcane that producers are able to harvest on any farm is less than—

(1) 60 percent of the county average yield, as determined by the Secretary of Agriculture, for such crop, multiplied by

(2) the acreage planted for harvest to such crop, the Secretary must make a reduced yield disaster payment to the producers at a rate equal to 50 percent of the loan level for the crop for the deficiency in production greater than percent for the crop and must ensure that no producer receives duplicative payments under this section.

Section 231 also amends section 103 of the Disaster Assistance Act of 1989 (7 U.S.C. 1421 note) by adding a new subsection that requires the Secretary, for purposes of determining the total quantity of the 1989 crop of sugarcane that the producers on a farm are able to harvest, to make the determination based on the quantity of recoverable sugar.

Section 231 also amends section 152(a)(2) of the Disaster Assistance Act of 1989 (7 U.S.C. 1421 note) to require the Secretary, in the case of producers described in section 103(f), to permit such producers to apply for assistance no later than January 15, 1991 and to, in the case of applications received prior to the date of enactment of the Food and Agricultural Resources Act of 1990, re-compute in accordance with section 103(f) the amount of any assistance due no later than 90 days after such date of enactment.

Section 232—Reports on quota allocations to countries importing sugar

Section 232 amends section 902(c) of the Food Security Act of 1985 (7 U.S.C. 1446 note) is amended—

(1) to require the Secretary, within 90 days after the date of enactment of the Food and Agricultural Resources Act of 1990 and by August 1 of each year thereafter through 1995, to report to the President and the Congress the extent, if any, of

sugar imports from the country named in section 902(c)(1) by the countries described in section 902(c)(1); and

(2) to require the President, commencing with the quota year for sugar imports after the 1990–1991 quota year, to report to the Congress by January 1 the identity of the countries that are net importers of sugar derived from sugarcane or sugar beets who have a quota for the current quota year, the identity of such countries who have verified that they do not import for reexport to the United States any sugar produced in the country named in section 902(c)(1), and the action, if any, taken by the President with respect to countries reported by the Secretary as net importers of sugar derived from sugarcane or sugar beets who imported such sugar from the country named in section 902(c)(1) who reexported such sugar to the United States during the previous quota year under a sugar quota allocation.

TITLE III—RICE

Section 301--Loan rates, target prices, disaster payments, acreage limitation program, and land diversion for the 1991 through 1995 crops of rice

Section 301 amends, effective only for the 1991 through 1995 crops of rice, the Agricultural Act of 1949 by inserting a new section 101B to provide for loan rates, target prices, disaster payments, and acreage limitation and land diversion programs for such crops.

The new section 101B(a)(1) will require the Secretary, except as provided in paragraph (2), to make available to producers nonrecourse loans and purchases for each of the 1991 through 1995 crops of rice at a level that is not less than the higher of—

(A) 85 percent of the simple average price received by producers, as determined by the Secretary, during the marketing years for the immediately preceding 5 crops of rice, excluding the year in which the average price was the highest and the year in which the average price was the lowest in such period; or

(B) $6.50 per hundredweight.

The new section 101B(a)(2) prohibits the loan level for any crop of rice determined under paragraph (1) from being reduced by more than 5 percent from the level determined for the preceding crop.

The new section 101B(a)(3) requires that the loan and purchase level and the established price for each of the 1991 through 1995 crops of rice be announced not later than January 31 of each calendar year for the crop to be harvested in such calendar year.

The new section 101B(a)(4) requires that a loan made under section 101B must have a term of not more than 9 months beginning after the month in which the application for the loan is made.

The new section 101B(a)(5)(A) requires the Secretary to permit a producer to repay a loan made under paragraph (1) for a crop at a level that is the lesser of—

(i) the loan level determined for such crop; or

(ii) the higher of—

(I) the loan level determined for such crop multiplied by 70 percent; or

(II) the prevailing world market price for rice, as determined by the Secretary.

The new section 101B(a)(5)(B) requires the Secretary to prescribe by regulation—

(i) a formula to define the prevailing world market price for rice; and

(ii) a mechanism by which the Secretary shall announce periodically the prevailing world market price for rice.

The marketing loan program has proven to be an effective and efficient domestic and foreign marketing program for United States rice. The Committee believes that the Department of Agriculture should administer the rice marketing loan program in such a manner so as to assure the United States rice industry continuous access to international markets for rice on a fair and equitable basis. Accordingly, the Committee urges the Department, to the extent practicable, to implement a formula to determine the prevailing world market price for rice that provides prices for each class of rice that reflect world rice weighted average trade values for each class of rice by all foreign exporters.

The Committee recognizes that Thailand and the United States are traditional allies and are also the world's leading rice exporters. For these reasons the Committee believes it is essential that the Department of Agriculture maintain a close working relationship with Thailand to promote the orderly operation and expansion of world rice markets, especially in those areas where markets have been protected from imports. To that end, the Committee directs the Department of Agriculture to hold discussions at least annually with Thailand.

The new section 101B(a)(5)(C)(i) authorizes the Secretary, as a condition of permitting a producer to repay a loan as provided in subparagraph (A), to require a producer to purchase marketing certificates equal in value to an amount that does not exceed one-half the difference, as determined by the Secretary, between the amount of the loan obtained by the producer and the amount of the loan repayment. Such certificates shall be negotiable.

The new section 101B(a)(5)(C)(ii) requires such certificates to be redeemable for agricultural commodities or products thereof owned by the Commodity Credit Corporation valued at the prevailing market price, as determined by the Secretary.

The new section 101B(a)(5)(C)(iii) requires the Commodity Credit Corporation, under regulations prescribed by the Secretary, to assist any person receiving marketing certificates under this subparagraph in the redemption or marketing of such certificates. Clause (iii) further requires the Secretary, insofar as practicable, to permit an owner of a certificate to designate the storage facility at which such owner would prefer to receive agricultural commodities or products thereof in exchange for such certificate.

The new section 101B(a)(5)(C)(iv) requires that, if any such certificate is not presented for redemption or marketing within a reasonable number of days after issuance, as determined by the Secretary, reasonable costs of storage and other carrying charges, as determined by the Secretary, must be deducted from the value of the certificate for the period beginning after such reasonable number

of days and ending with the date of the presentation of such certificate to the Commodity Credit Corporation.

The new section 101B(a)(6) requires that, for purposes of section 101B, the simple average price received by producers for the immediately preceding marketing year must be based on the latest information available to the Secretary at the time of the determination.

The new section 101B(b)(1) requires the Secretary, for each of the 1991 through 1995 crops of rice, to make payments available to producers who, although eligible to obtain a loan or purchase agreement under subsection (a), agree to forgo obtaining such loan or agreement in return for such payments.

The new section 101B(b)(2) requires a payment under this subsection shall be computed by multiplying—

(A) the loan payment rate; by

(B) the quantity of rice the producer is eligible to place under loan.

The new section 101B(b)(3) limits the quantity of rice to be placed under loan, for purposes of this subsection, to the quantity of rice not in excess of the product obtained by multiplying—

(A) the individual farm program acreage for the crop; by

(B) the actual yield per harvested acre for the farm.

The new section 101B(b)(4) requires that, for purposes of this subsection, the loan payment rate shall be the amount by which—

(A) the loan level determined for such crop under subsection (a); exceeds

(B) the level at which a loan may be repaid under subsection (a).

The new section 101B(b)(5) authorizes the Secretary to make up to one-half the amount of a payment under this subsection available in the form of negotiable marketing certificates, subject to the terms and conditions provided in subsection (a)(5)(C).

The new section 101B(c)(1)(A) requires the Secretary to make available to producers payments (to be known as "deficiency payments") for each of the 1991 through 1995 crops of rice in an amount computed by multiplying—

(i) the payment rate; by

(ii) the individual farm program acreage; by

(iii) the farm program payment yield established for the crop for the farm.

The new section 101B(c)(1)(B)(i) provides that, if an acreage limitation program under subsection (e)(2) is in effect for a crop of rice and the producers on a farm devote a portion of the permitted rice acreage of the farm (as determined in accordance with subsection (e)(2)(A)) equal to more than 8 percent of the permitted rice acreage of the farm for the crop to conservation uses (except as provided in subparagraph (F))—

(I) such portion of the permitted rice acreage in excess of 8 percent of such acreage devoted to conservation uses (except as provided in subparagraph (F)) will be considered to be planted to rice for the purpose of determining the individual farm program acreage in accordance with subsection (e)(2)(E) and for the purpose of determining the acreage on the farm required to be devoted to conservation uses in accordance with subsection (e)(2)(D); and

(II) the producers will be eligible for payments under this paragraph on such acreage, subject to the compliance of the producers with clause (ii).

The new section 101B(c)(1)(B)(ii)(I) requires that, to be eligible for payments under clause (i), except as provided in subclause (II) and clause (iv), the producers on a farm must actually plant rice for harvest on at least 50 percent of the permitted rice acreage of the farm.

The new section 101B(c)(1)(B)(ii)(II) authorizes the Secretary to waive the 50 percent planting requirement in subclause (I) for any crop of rice.

The new section 101B(c)(1)(B)(iii) provides that, notwithstanding any other provision of section 101B, if any producer elects to devote a portion (or, where the Secretary exercises the waiver authority under clause (ii)(II), all) of the permitted rice acreage of the farm to conservation uses (or other uses as provided in subparagraph (F)), under this subparagraph, then such producer will receive deficiency payments on the acreage that is considered to be planted to rice and eligible for payments under this subparagraph for such crop at a rate established by the Secretary, except that such rate may not be established at less than the projected deficiency payment rate for the crop, as determined by the Secretary. Such projected payment rate for the crop must be announced by the Secretary prior to the period during which rice producers may agree to participate in the program for such crop.

The new section 101B(c)(1)(B)(iv) provides that if a State or local agency has imposed in an area of a State or county a quarantine on the planting of rice for harvest on farms in such area, the State committee established under section 8(b) of the Soil Conservation and Domestic Allotment Act may recommend to the Secretary that payments be made under this paragraph to producers in such area who were required to forgo the planting of rice for harvest on acreage to alleviate or eliminate the condition requiring such quarantine. If the Secretary determines that such condition exists, the Secretary may make payments under this paragraph to such producers. To be eligible for payments under this clause, such producers must devote such acreage to conservation uses (except as provided in subparagraph (F)).

The new section 101B(c)(1)(B)(v) provides that if an acreage limitation program under subsection (e) is in effect for any crop of rice and if the Secretary determines that producers on a farm are prevented from planting the acreage intended for rice to rice because of drought, flood, or other natural disaster, or other condition beyond the control of the producers, the Secretary will be required to make available to such producers payments computed as provided in paragraph (1)(A). Producers will be eligible for such payments if a portion (or all) of the permitted rice acreage of the farm is devoted to conservation uses (except as provided in paragraph (F)). Such acreage equal to more than 8 percent of the permitted rice acreage of the farm for the crop will be considered to be planted to rice for the purpose of determining the individual farm program acreage in accordance with subsection (e)(2)(E) and for the purpose of determining the acreage on the farm required to be devoted to

conservation uses in accordance with subsection (e)(2)(D). The provisions of clauses (iii) and (vi) will apply to any such producers.

The Committee recognizes that severe flooding, drought or other conditions may temporarily prevent the compliance of producers with the requirement that approved conservation uses or cultural practices be implemented in order to be eligible for prevented planted payments under section 101B(c)(1)(B)(v). Accordingly, the Committee directs the Secretary to provide procedures for temporarily waiving such requirement when conditions warrant such a waiver.

The new section 101B(c)(1)(B)(vi) provides that the rice crop acreage base and rice farm program payment yield of the farm may not be reduced due to the fact that such portion (or all) of the permitted acreage of the farm was devoted to conserving uses (except as provided in subparagraph (F)).

The new section 101B(c)(1)(B)(vii) prohibits, other than as provided in clauses (i) through (v), payments from being made under this paragraph for any crop on a greater acreage than the acreage actually planted to rice.

The new section 101B(c)(1)(B)(viii) prohibits any acreage considered to be planted to rice in accordance with clauses (i) and (v) from also being designated as conservation use acreage for the purpose of fulfilling any provisions under any acreage limitation or land diversion program requiring that the producers devote a specified acreage to conservation uses.

The new section 101B(c)(1)(C) requires that the payment rate for rice will be the amount by which the established price for the crop of rice exceeds the higher of—

(i) the national average market price received by producers during the first 5 months of the marketing year for such crop, as determined by the Secretary; or

(ii) the loan level determined for such crop.

The new section 101B(c)(1)(D) requires that the minimum established price for rice may not be less than $10.71 per hundredweight.

The new section 101B(c)(1)(E) requires that the total quantity of rice on which payments would otherwise be payable to a producer on a farm for any crop under this paragraph must be reduced by the quantity on which any disaster payment is made to the producer for the crop under paragraph (2).

The new section 101B(c)(1)(F) authorizes the Secretary to permit, subject to such terms and conditions as the Secretary may prescribe, all or any part of acreage otherwise required to be devoted to conservation uses as a condition of qualifying for payments under subparagraph (B) to be devoted to sweet sorghum or the production of guar, sesame, safflower, sunflower, rapeseed, castor beans, mustard seed, crambe, plantago ovato, flaxseed, triticale, rye, commodities for which no substantial domestic production or market exists but that could yield industrial raw material being imported, or likely to be imported, into the United States, or commodities grown for experimental purposes (including kenaf), subject to the following sentence. The Secretary may permit such acreage to be devoted to such production only if the Secretary determines that—

(i) the production is not likely to increase the cost of the price support program and will not affect farm income adversely; and

(ii) the production is needed to provide an adequate supply of the commodity, or, in the case of commodities for which no substantial domestic production or market exists but that could yield industrial raw materials, the production is needed to encourage domestic manufacture of such raw material and could lead to increased industrial use of such raw material to the long-term benefit of United States industry.

It is the Committee's intent that the Secretary consider the cost of operating the marketing loan program for safflower, sunflower, rapeseed, mustard seed, and flaxseed when considering whether the production of such commodities is likely to increase the cost of the price support program under subparagraph (F).

The new section 101B(c)(2)(A)(i) requires, except as provided in subparagraph (C), that if the Secretary determines that the producers on a farm are prevented from planting any portion (or all) of the acreage intended for rice to rice or other nonconserving crops because of drought, flood, or other natural disaster, or other condition beyond the control of the producers, then the Secretary must make a prevented planting disaster payment to the producers in an amount equal to the product obtained by multiplying—

(I) the number of acres so affected but not to exceed the acreage planted to rice for harvest (including any acreage that the producers were prevented from planting to rice or other nonconserving crops in lieu of rice because of drought, flood, or other natural disaster, or other condition beyond the control of the producers) in the immediately preceding year; by

(II) 75 percent of the farm program payment yield established for the farm by the Secretary; by

(III) a payment rate equal to 33⅓ percent of the established price for the crop.

The new section 101B(c)(2)(A)(ii) provides that payments made by the Secretary under this subparagraph may be made in the form of cash or in such other form as the Secretary is authorized by law to make.

The new section 101B(c)(2)(B) requires, except as provided in subparagraph (C), that if the Secretary determines that because of drought, flood, or other natural disaster, or other condition beyond the control of the producers, the total quantity of rice that the producers are able to harvest on any farm is less than the result of multiplying 75 percent of the farm program payment yield established for the farm for such crop by the acreage planted for harvest for such crop, then the Secretary must make a reduced yield disaster payment to the producers at a rate equal to 33⅓ percent of the established price for the crop for the deficiency in production below 75 percent for the crop.

The new section 101B(c)(2)(C) prohibits producers on a farm shall from being eligible for—

(i) prevented planting disaster payments under subparagraph (A), if prevented planting crop insurance is available to the producers under the Federal Crop Insurance Act with respect to the rice acreage of the producers; or

(ii) reduced yield disaster payments under subparagraph (B), if reduced yield crop insurance is available to the producers under such Act with respect to the rice acreage of the producers.

The new section 101B(c)(2)(D)(i) authorizes the Secretary, notwithstanding subparagraph (C), to make a disaster payment to producers on a farm under this paragraph if the Secretary determines that—

(I) as the result of drought, flood, or other natural disaster, or other condition beyond the control of the producers, the producers have suffered substantial losses of production either from being prevented from planting rice or other nonconserving crops or from reduced yields;

(II) such losses have created an economic emergency for the producers;

(III) crop insurance indemnity payments under the Federal Crop Insurance Act and other forms of assistance made available by the Federal Government to such producers for such losses is insufficient to alleviate such economic emergency; and

(IV) additional assistance must be made available to such producers to alleviate such economic emergency.

The new section 101B(c)(2)(D)(ii) authorizes the Secretary to make such adjustments in the amount of payments made available under this paragraph with respect to an individual farm so as to assure the equitable allotment of such payments among producers, taking into account other forms of Federal disaster assistance provided to the producers for the crop involved.

The new section 101B(d) requires that the farm program payment yields for farms for each crop of rice must be determined under title V of the Agricultural Act of 1949.

The new section 101B(e)(1)(A) provides that, notwithstanding any other provision of the Agricultural Act of 1949, if the Secretary determines that the total supply of rice, in the absence of an acreage limitation program, will be excessive taking into account the need for an adequate carry-over to maintain reasonable and stable supplies and prices and to meet a national emergency, the Secretary may provide for any crop of rice an acreage limitation program as described in paragraph (2).

The new section 101B(e)(1)(B) requires the Secretary, in making a determination under subparagraph (A), to take into consideration the number of acres placed in the conservation acreage reserve established under section 1231 of the Food Security Act of 1985.

The new section 101B(e)(1)(C) requires the Secretary, if the Secretary elects to put an acreage limitation program into effect for any crop year, to announce any such program not later than January 31 of the calendar year in which the crop is harvested.

The new section 101B(e)(1)(D) requires the Secretary to carry out an acreage limitation program described in paragraph (2) for a crop of rice in a manner that will result in carry-over stocks equal to between sixteen and one-half and twenty percent of the simple average of the total disappearance of rice for each of the three marketing years preceding the year for which the announcement is made. For the purpose of this subparagraph, total disappearance

means all rice utilization, including total domestic, total export, and total residual disappearance.

The Committee believes that the adoption of a carry-over level based on a 16.5 to 20 percent stocks-to-use ratio based on the total disappearance of rice for the three marketing years preceding the year for which the announcement is made will achieve a more desirable balance between United States supply and demand for rice. The Committee recognizes that a fixed level of carry-over stocks, such as the 30 million hundredweight carry-over provided for in current law, may prove inadequate over time to act as an appropriate measure of the carry-over necessary to assure adequate, but not excessive, supplies of rice. The three year base period for measuring total disappearance is included in order to assure that a more accurate measurement of disappearance than might otherwise be available by forecasting potential future carry-over of rice stocks.

In assessing the portion of total disappearance, as defined in the new section 101B(e)(1)(D), the Secretary should factor in all exports, including all commercial and government-assisted shipments (including shipments under Public Law 480, 83rd Congress).

The new section 101B(e)(2)(A) requires that, if a rice acreage limitation program is announced under paragraph (1), then such limitation must be achieved by applying a uniform percentage reduction (not to exceed 35 percent) to the rice crop acreage base for the crop for each rice-producing farm.

The new section 101B(e)(2)(B) requires that, except as provided in subsection (g), producers who knowingly produce rice in excess of the permitted rice acreage for the farm, as established in accordance with subparagraph (A), will be ineligible for rice loans, purchases, and payments with respect to that farm.

The new section 101B(e)(2)(C) requires that rice crop acreage bases for each crop of rice must be determined under title V of the Agricultural Act of 1949.

The new section 101B(e)(2)(D)(i) requires a number of acres on the farm to be devoted to conservation uses, in accordance with regulations issued by the Secretary. Such number of acres are required to be determined by dividing—

> (I) the product obtained by multiplying the number of acres required to be withdrawn from the production of rice times the number of acres planted to such commodity; by
>
> (II) the number of acres authorized to be planted to such commodity under the limitation established by the Secretary.

The new section 101B(e)(2)(D)(ii) provides that the number of acres determined under clause (i) is referred to in subsection (e) as "reduced acreage".

The new section 101B(e)(2)(E) requires that, except as provided in subsection (c)(1)(B), the individual farm program acreage will be the acreage planted on the farm to rice for harvest within the permitted rice acreage for the farm as established under this paragraph.

The new section 101B(e)(3)(A) requires that the regulations issued by the Secretary under paragraph (2) with respect to acreage required to be devoted to conservation uses must assure protection of such acreage from weeds and wind and water erosion.

The new section 101B(e)(3)(B) authorizes the Secretary to permit, subject to such terms and conditions as the Secretary may prescribe, all or any part of such acreage to be devoted to sweet sorghum, or the production of guar, sesame, safflower, sunflower, rapeseed, castor beans, mustard seed, crambe, plantago ovato, flaxseed, triticale, rye, or other commodity, if the Secretary determines that such production (i) is needed to provide an adequate supply of such commodities; (ii) is not likely to increase the cost of the price support program; and (iii) will not affect farm income adversely.

The new section 101B(e)(3)(C)(i) requires, except as provided in clause (ii), haying and grazing be permitted on acreage designated as conservation use acreage for the purpose of meeting any requirements established under an acreage limitation program (including a program conducted under subsection (c)(1)(B)), or land diversion program established under this section, except during any consecutive 5-month period that is established by the State committee established under section 8(b) of the Soil Conservation and Domestic Allotment Act for a State. This section further requires that such 5-month period be established during the period beginning April 1, and ending October 31, of a year.

The new section 101B(e)(3)(C)(ii) authorizes the Secretary, in the case of a natural disaster, to permit unlimited haying and grazing on such acreage.

The new section 101B(e)(4)(A) the Secretary may make land diversion payments to producers of rice, whether or not an acreage limitation program for rice is in effect, if the Secretary determines that such land diversion payments are necessary to assist in adjusting the total national acreage of rice to desirable goals. Such land diversion payments shall be made to producers who, to the extent prescribed by the Secretary, devote to approved conservation uses an acreage of cropland on the farm in accordance with land diversion contracts entered into by the Secretary with such producers.

The new section 101B(e)(4)(B) provides that the amounts payable to producers under land diversion contracts may be determined through the submission of bids for such contracts by producers in such manner as the Secretary may prescribe or through such other means as the Secretary determines appropriate. In determining the acceptability of contract offers, the Secretary is required to take into consideration the extent of the diversion to be undertaken by the producers and the productivity of the acreage diverted.

The new section 101B(e)(4)(C) requires the Secretary to limit the total acreage to be diverted under agreements in any county or local community so as not to affect adversely the economy of the county or local community.

The new section 101B(e)(5)(A) permits the reduced acreage and additional diverted acreage to be devoted to wildlife food plots or wildlife habitat in conformity with standards established by the Secretary in consultation with wildlife agencies.

The new section 101B(e)(5)(B) requires the Secretary to pay an appropriate share of the cost of practices designed to carry out the purposes of subparagraph (A).

The new section 101B(e)(5)(C) authorizes the Secretary to provide for an additional payment on such acreage in an amount determined by the Secretary to be appropriate in relation to the benefit

to the general public if the producer agrees to permit, without other compensation, access to all or such portion of the farm, as the Secretary may prescribe, by the general public, for hunting, trapping, fishing, and hiking, subject to applicable State and Federal regulations.

The new section 101B(e)(6)(A) requires an operator of a farm desiring to participate in the program conducted under this subsection to execute an agreement with the Secretary providing for such participation not later than such date as the Secretary may prescribe.

The new section 101B(e)(6)(B) authorizes the Secretary, by mutual agreement with producers on a farm, to terminate or modify any such agreement if the Secretary determines such action necessary because of an emergency created by drought or other disaster or to prevent or alleviate a shortage in the supply of agricultural commodities.

The new section 101B(f)(1) authorizes the Secretary, for each of the 1991 through 1995 crops of rice, to make payments available to producers who meet the requirements of this subsection.

The new section 101B(f)(2) provides that payments authorized under subsection (f)(1) may be made—

(A) in the form of rice owned by the Commodity Credit Corporation; or

(B) in such other form as the Secretary is authorized by law to make.

The new section 101B(f)(3)(A) requires payments under this subsection to be determined in the same manner as provided in subsection (b).

The new section 101B(f)(3)(B) requires that the quantity of rice to be made available to a producer under this subsection must be equal in value to the payments so determined under such subsection.

The new section 101B(f)(4) provides that a producer will be eligible to receive a payment under this subsection for a crop if the producer—

(A) agrees to forgo obtaining a loan or purchase agreement under subsection (a);

(B) agrees to forgo receiving payments under subsection (c);

(C) does not plant rice for harvest in excess of the crop acreage base reduced by one-half of any acreage required to be diverted from production under subsection (f); and

(D) otherwise complies with this section.

The new section 101B(g)(1) authorizes the Secretary, notwithstanding whether the failure of a producer to comply fully with the terms and conditions of the program formulated under this section precludes the making of loans, purchases, and payments, to nevertheless make such loans, purchases, and payments in such amounts as the Secretary determines are equitable in relation to the seriousness of the failure. The Secretary may consider whether the producer made a good faith effort to comply fully with the terms and conditions of such program in determining whether equitable relief is warranted under this paragraph.

The new section 101B(g)(2) authorizes the Secretary to authorize the county and State committees established under section 8(b) of

the Soil Conservation and Domestic Allotment Act to waive or modify deadlines and other program requirements in cases in which lateness or failure to meet such other requirements does not affect adversely the operation of the program.

The new section 101B(h) authorizes the Secretary to issue such regulations as the Secretary determines necessary to carry out section 101B.

The new section 101B(i) requires the Secretary to carry out the program authorized by section 101B through the Commodity Credit Corporation.

The new section 101B(j) requires that the provisions of section 8(g) of the Soil Conservation and Domestic Allotment Act (providing for the assignment of certain Government payments) will apply to payments under section 101B.

The new section 101B(k) requires the Secretary to provide for the sharing of payments made under this section for any farm among the producers on the farm on a fair and equitable basis.

The new section 101B(l) requires the Secretary to provide adequate safeguards to protect the interests of tenants and sharecroppers.

The new section 101B(m)(1)(A) prohibits, notwithstanding any other provision of law, compliance on a farm with the terms and conditions of any commodity program other than the rice program, or compliance with crop acreage base requirements for any commodity other than rice, from being required as a condition of eligibility for loans, purchases, or payments under the program provided for under section 101B.

The new section 101B(m)(1)(B) provides that if a producer on a farm is participating in the rice program under section 101B, the crop acreage base for any other commodity for the farm may not be increased if such commodity is produced on the farm in a manner that is not in compliance with—

(i) the terms and conditions of the applicable commodity program for such commodity; or

(ii) the crop acreage base requirements of the applicable commodity program for such commodity.

The new section 101B(m)(2) prohibits the Secretary from requiring producers on a farm, as a condition of eligibility for loans, purchases, or payments under section 101B for such farm, to comply with the terms and conditions of the rice program with respect to any other farm operated by such producers.

Section 302—Marketing certificates

Section 302(a) requires, notwithstanding any other provision of law, whenever, during the period beginning August 1, 1991, and ending July 31, 1996, the world price for a class of rice (adjusted to United States qualities and location), as determined by the Secretary of Agriculture, is below the current loan repayment rate for that class of rice, to make United States rice competitive in world markets and to maintain and expand exports of rice produced in

the United States, the Commodity Credit Corporation, under such regulations as the Secretary may prescribe, must make payments, through the issuance of negotiable marketing certificates, to persons who have entered into an agreement with the Commodity Credit Corporation to participate in the program established under this section. Such payments are required to be made in such monetary amounts and subject to such terms and conditions as the Secretary determines will make rice produced in the United States available at competitive prices consistent with the purposes of this section.

Section 302(b) requires that the value of each certificate issued under subsection (a) be based on the difference between—

(1) the loan repayment rate for the class of rice; and

(2) the prevailing world market price for the class of rice, as determined by the Secretary of Agriculture under a published formula submitted for public comment before its adoption.

Section 302(c) requires the Commodity Credit Corporation, under regulations prescribed by the Secretary of Agriculture, to assist any person receiving marketing certificates under this section in the redemption of certificates for cash, or the marketing or exchange of such certificates for agricultural commodities or the products thereof owned by the Commodity Credit Corporation, at such times, in such manner, and at such price levels as the Secretary determines will best effectuate the purposes of the program established under this section. Section 302(c) further requires that, notwithstanding any other provision of law, any price restrictions that may otherwise apply to the disposition of agricultural commodities by the Commodity Credit Corporation will not apply to the redemption of certificates under this section.

Section 302(d) requires the Secretary, insofar as is practicable, to permit owners of certificates to designate the commodities and the products thereof, including storage sites thereof, such owners would prefer to receive in exchange for certificates. Section 302(d) further requires that if any certificate is not presented for redemption, marketing, or exchange within a reasonable number of days after the issuance of such certificate (as determined by the Secretary), reasonable costs of storage and other carrying charges, as determined by the Secretary, must be deducted from the value of the certificate for the period beginning after such reasonable number of days and ending with the date of the presentation of such certificate to the Commodity Credit Corporation.

Section 302(e) requires the Secretary of Agriculture to take such measures as may be necessary to prevent the marketing or exchange of agricultural commodities and the products thereof for certificates under this section from adversely affecting the income of producers of such commodities or products.

Section 302(f) authorizes, under regulations prescribed by the Secretary of Agriculture, certificates issued to rice exporters under this section to be transferred to other exporters and persons approved by the Secretary.

TITLE IV—DAIRY

Section 401.—Findings.

Section 401 states the following Congressional findings:

(1) United States dairy policy should foster an economic environment in which milk producers have the opportunity to receive a satisfactory return for their labor and investment.

(2) The Federal support price should establish a minimum price which guarantees an adequate supply of wholesome milk.

(3) The Federal dairy program should foster the use of a component based price support system to more readily reflect market demands and better communicate the economic composition of milk and products derived from milk.

(4) Market forces, together with appropriate adjustments in the government support price and standby milk production reduction programs, should balance supply and demand for milk and dairy products.

(5) Federal dairy support programs should embody the notion that the market for dairy products is national in scope.

(6) United States milk producers should be treated equally under Federal laws that compel the Secretary to purchase dairy products under the price support program.

(7) An alternative milk production reduction program should be used only when price changes alone will not balance supply with demand within a reasonable time period without greatly disrupting the market for dairy products.

(8) Factors such as the cost of the program, the program's effect on other agricultural segments, the economic conditions in agriculture and fiscal goals should be considered when an alternative inventory management program is considered.

Section 402.—Milk price support and inventory management program for calendar years 1991 through 1995.

Section 402 amends section 201 of the Agricultural Act of 1949 (7 U.S.C. 1446) to provide a new subsection (e).[1]

New section 201(e), in paragraph (1), provides that the price of milk will be supported as provided in that section, during the period beginning on January 1, 1991 and ending on December 31, 1995, notwithstanding any other provision of law.

New section 201(e)(2), in subparagraph (A), provides that the price of milk will be supported at a rate not less than $10.10 per hundredweight for milk containing 3.67 percent milkfat, during the period beginning on January 1, 1991 and ending on December 31, 1995.

New section 201(e)(2), in subparagraph (B), requires the price of milk to be supported through the purchase of milk and the products of milk (butter, cheese and nonfat dry milk). The Commodity Credit Corporation's announced price support purchase prices for each of these products of milk will be the same for all of that prod-

[1] Under current law, section 201(d) of the Agricultural Act of 1949 provides that the price of milk will be supported, as provided in that section, during the period beginning on January 1, 1986, and ending on December 31, 1990.

uct sold by persons offering to sell these products to the Corporation. These purchase prices must be sufficient to enable plants of average efficiency receiving these prices for dairy products to pay producers, on average, a price not less than the rate of price support for milk in effect during the twelve-month period under section 201(e)(2).

In carrying out section 201(e), the Secretary must—

(1) offer to purchase butter for not more than an amount per pound of $0.8150 in fiscal years 1991 through 1993,

(2) offer to purchase butter for not more than an amount per pound of $0.7875 in fiscal years 1994 and 1995, and

(3) offer to purchase nonfat dry milk at such a level that results in milk being supported at a rate not less than $10.10 per hundredweight as adjusted under section 201(e)(3).

However, the Secretary may allocate the rate of price support between the purchase prices for nonfat dry milk and butter in such other manner that the Secretary determines will result in the lowest level of expenditures by the Commodity Credit Corporation. The Secretary must notify the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate of this determination.

New section 201(e)(3), in subparagraph (A), provides that if for any of the fiscal years 1992 through 1996, the level of purchases of milk and the products of milk by the Commodity Credit Corporation under section 201(g) (less sales under section 407 for unrestricted use), as estimated by the Secretary on August 1 of the preceding fiscal year, will exceed 5 billion pounds, milk equivalent, total milk solids basis, the Secretary must decrease by an amount per hundredweight of at least $0.25 but not more than $0.50 the rate of price support for milk in effect for that fiscal year.

The Secretary, by August 1 of the preceding fiscal year, must notify the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate of any proposed decrease in price support under section 201(e)(3)(A).

New section 201(e), in subparagraph (B), provides that if for any of the fiscal years 1992 through 1996, the level of purchases of milk and the products of milk by the Commodity Credit Corporation under section 201(e) (less sales under section 407 for unrestricted use), as estimated by the Secretary on August 1 of the preceding fiscal year, will not exceed 3.5 billion pounds, milk equivalent, total milk solids basis, the Secretary must increase by an amount per hundredweight of at least $0.25 the rate of price support for milk in effect for that fiscal year.

The Secretary, by August 1 of the preceding fiscal year, must notify the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate of any proposed increase in price support under section 201(e)(3(B).

New section 201(e), in subparagraph (C), provides that if for any of the fiscal years 1992 through 1996, the level of purchases of milk and the products of milk by the Commodity Credit Corporation under section 201(e) (less sales under section 407 for unrestricted use), as estimated by the Secretary on August 1 of the preceding fiscal year, will be less than 5 billion pounds of milk equivalent, total milk solids basis, but more than 3.5 billion pounds of milk equivalent, total milk solids basis, the Secretary is prohibited from reducing the rate of price support for milk in effect for that fiscal year.

New section 201(e)(3), in subparagraph (D), provides that notwithstanding any other provision of this subsection, in no event will the price of milk be supported at less than $10.10 per hundredweight.

New section 201(e)(3)(E), in clause (i), provides for section 201(e) that the term "milk equivalent, total milk solids basis", of milk and the products of milk purchased by the Commodity Credit Corporation will be equal to the weighted-average of the milk equivalents, as computed on a milkfat basis, and on a milk solids not fat basis, of these products, with weighting factors equal to not more than 40 percent for the milk equivalent, milkfat basis, and not more than 70 percent for the milk equivalent, milk solids not fat basis. These weighting factors will total 100 percent.

New section 201(e)(3)(E), in clause (ii), will require the Secretary to—

(1) issue a proposed rule defining "total milk solids basis" no later than 30 days after enactment of section 201(e),

(2) provide notice and reasonable opportunity for public comment, and

(3) issue a final rule defining "total milk solids basis" no later than 90 days after enactment of section 201(e).

New section 201(e)(3)(E), in clause (iii), requires the Secretary, in estimating the level of purchases of milk and the products of milk under section 201(e), to deduct the amount, if any, by which the level of imports into the United States of milk and the products of milk during the most recent calendar year exceeds the annual average level of imports into the United States of milk and the products of milk during the period January 1, 1986, through December 31, 1990, milk equivalent, total milk solids basis.

New section 201(e)(4), in subparagraph (A), requires the Secretary, within 180 days of enactment of section 201(e), to submit to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate, a report that—

(1) recommends an inventory management program to be implemented when Commodity Credit Corporation purchases are projected to exceed 7 billion pounds of milk equivalent, total milk solids basis, in any fiscal year;

(2) evaluates two-tier pricing systems, or a plan to achieve equivalent results;

(3) does not evaluate any termination or diversion program;

(4) does not evaluate the use of assessments as a mechanism to decrease price support levels; and

(5) seeks, among other things, methods to reduce any excessive surplus of milk, lower costs to the Commodity Credit Corporation, and to provide for the orderly marketing of surplus milk.

The Secretary is encouraged to seek dairy farmer input in the formulation of the report.

New section 201(e)(4), in subparagraph (B), provides that the report submitted under section 201(e)(4)(A) must include, but is not limited to, the following topics:

(1) the difficulties and possible resolutions associated with the disposition and orderly marketing of milk priced at a price lower than the world market price through various marketing channels including export markets and domestic donation feeding programs;

(2) the establishment of a Class IV price for milk;

(3) the impact of a Class IV system on the Federal milk marketing order system;

(4) the impact of a system similar to the Class IV system on non-Federal milk marketing order milk; and

(5) plans to achieve desired results other than through a two-tiered pricing system.

New section 201(e)(4), in subparagraph (C), if for any of the fiscal years 1992 through 1995, the level of purchases of milk and the products of milk by the Commodity Credit Corporation under section 201(e) (less sales under section 407 for unrestricted use), as estimated by the Secretary on August 1 of the preceding fiscal year, will exceed 7 billion pounds of milk equivalent, total milk solids basis, the Secretary must implement for such fiscal year the inventory management program recommended in section 201(e)(4)(A). However, the Secretary is prohibited from implementing the inventory management program recommended in section 201(e)(4)(A) before the later of January 1, 1992, or the date 6 months after the submission of the report required under section 201(e)(4)(A).

If the Secretary is required to implement an inventory management program during a fiscal year, the Secretary must notify, by August 1 of the preceding fiscal year, the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate of the type of inventory management program to be implemented.

Not later than January 1 of any fiscal year that an inventory management program is in effect, the Secretary must submit to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate a certification, including a statement of facts in support of this certification, that the inventory management program will achieve a reduction in the production or marketing of milk for commercial purposes by program participants such that purchases of milk and the products of milk by the Commodity Credit Corporation, as estimated by the Secretary, for the twelve-month period will not be greater than 7 billion pounds of milk equivalent, total milk solids basis.

New section 201(e)(4), in subparagraph (D), prohibits the Secretary, if the Secretary is required to establish and carry out an inventory management program for milk, from offering to enter into a contract with any producer of milk in the United States for the purpose of selling for slaughter any dairy cattle in which the producer owns an interest.

Section 403.—Milk manufacturing margin study

Section 403, in subsection (a), requires the Secretary of Agriculture to direct the Agricultural Marketing Service of the United States Department of Agriculture to conduct a study of state milk pricing programs for submission to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate, not later than one year after enactment of the bill.

Section 403, in subsection (b), requires this study to evaluate—

(1) the objectives, rationale, and operation of State milk pricing programs;

(2) the impacts on Federal government programs, the dairy industry, and consumers, of State manufacturing allowances in States currently operating under State milk pricing programs, including a comparative analysis under the alternative allowance levels of farm and retail level prices, production levels, the supply-demand balance, and the cost of the federal dairy price support program;

(3) the extent to which over-order premiums under federal milk marketing orders compensate for the low federal manufacturing allowances; and

(4) comparative plant operating cost data, including labor, utilities and product yields and other specialized factors in any State that has a manufacturing allowance different from the Federal manufacturing allowance.

Section 403, in subsection (c), authorizes the Secretary, if the Secretary finds, as a result of this study and after considering all the factors enumerated in section 403(b), that a State's use of manufacturing allowances that are different from the Federal manufacturing allowances used for purposes of price support purchases under section 201 of the Agricultural Act of 1949 (7 U.S.C. 1446), has an adverse effect on the operation of the Federal dairy program, and that manufacturing cost and yield data from that same State, audited by that State and presented at public hearings in that State do not justify different make allowances there, then the Secretary may, after conducting public hearings and providing for a public comment period not less than 90 days from the conclusion of such hearings, prohibit that State from using an allowance which is different from the Federal manufacturing allowance to establish a price for Grade A milk for manufacturing butter, non-fat dry milk, or cheese.

Section 403, in subsection (d), authorizes any State that is prohibited from establishing a manufacturing allowance different from

the Federal manufacturing allowance to file an appeal with the Secretary under procedures provided for in title 5 of the United States Code 551 et seq.

Section 404.—Minnesota-Wisconsin price series reform

Section 404, in subsection (a) requires the Secretary of Agriculture, within 60 days of enactment of this Act, to commence to accept alternative pricing formula recommendations, as they may relate to the Minnesota-Wisconsin price series used to determine the minimum prices paid under milk marketing orders, in order to amend these milk marketing orders authorized under section 8c of the Agricultural Adjustment Act, reenacted with amendments by the Agricultural Marketing Agreement Act of 1937. Among the alternative pricing formulas to be considered by the Secretary must be a price series based on prices paid by milk processors for Grade A milk and manufacturing grade milk that is used in the manufacture of dairy products.

Section 404, in subsection (b), requires the Secretary to compile and make available to the public the historical and current data used to compare the alternative pricing formulas submitted and recommended as provided in section 404(a) with the existing Minnesota-Wisconsin price series.

Section 404, in subsection (c), requires the Secretary, not later than October 1, 1991, to publish in the Federal Register a proposed replacement price series and to give notice and 30 days for public comment on this proposal. At the end of the comment period the Secretary must publish a final rule and report this rule to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate. The Secretary will implement the new Minnesota-Wisconsin price series in the federal milk marketing orders as provided under section 8c of the Agricultural Adjustment Act, reenacted with amendments by the Agricultural Marketing Agreement Act of 1937, not less than 30 legislative days after publication of the final rule. For purposes of section 404 a "legislative day" means a day on which both or either Houses of Congress is in session.

Section 405.—Hearings on Federal milk marketing orders

Section 405 requires the Secretary of Agriculture to conclude the national hearings announced by the Secretary on March 29, 1990, regarding possible changes in the pricing provisions of federal milk marketing orders in order to effect any changes in the federal orders setting minimum prices that milk processors must pay for Grade A milk received from producers, by January 1, 1992.

Section 406.—Report of dairy product purchases

Section 406 requires the Secretary of Agriculture to make available to the public quarterly evaluations of the acquisition and disposal of Commodity Credit Corporation purchases of dairy products.

31-912 O - 90 - 19

Section 407.—Application of support price for milk

Section 407 prohibits the Secretary from taking into consideration any market value of whey, for purposes of supporting the price of milk under section 201(e) of the Agricultural Act of 1949 (7 U.S.C. 1446(e)).

Section 408.—Application of amendments

Section 408 provides that the amendments made by title IV will not affect any liability of any person under section 201 of the Agricultural Act of 1949 (7 U.S.C. 1446) as was in effect before the date of the enactment of the bill.

Section 409.—Adjustments for seasonal production; hearings on amendments; determination of milk prices

Section 409 amends section 101(b) of the Agriculture and Food Act of 1981 (7 U.S.C. 608c note) to extend the effective date from December 31, 1990 to December 31, 1995 of the amendments to the Agricultural Adjustment Act made by section 101(b).

Section 410.—Transfer of dairy products to the military and veterans hospitals

Section 410 amends subsections (a) and (b) of section 202 of the Agricultural Act of 1949 (7 U.S.C. 1446a) to extend from December 31, 1990 to December 31, 1995 the authorities provided under those sections.[2]

Section 411.—Extension of the dairy indemnity program

Section 411 amends section 3 of the Act entitled "An Act to provide indemnity payments to dairy farmers" (7 U.S.C. 4501), approved August 13, 1968, to extend from September 30, 1990 to September 30, 1995 the dairy farmer indemnity program.

Section 412.—Export sales of dairy products

Section 412, in subsection (a), will require the Secretary of Agriculture, in each of the fiscal years 1991 through 1995, to sell for export, at such prices that the Secretary determines appropriate, not less than 150,000 metric tons of dairy products owned by the Commodity Credit Corporation, of which not less than 100,000 metric tons must be butter and not less than 20,000 metric tons must be cheese, if that disposition of those commodities will not

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[2] Section 202(a) requires the Commodity Credit Corporation until December 31, 1990, to make available to the Administrator of Veterans' Affairs at warehouses where dairy products are stored, such dairy products acquired under price-support programs as the Administrator certifies that he requires in order to provide butter and cheese and other dairy products as a part of the ration in hospitals under his jurisdiction.

Section 202(b) requires the Commodity Credit Corporation to make available to the Secretary of the Army, at warehouses where dairy products are stored, such dairy products acquired under price-support programs as the Secretary of the Army of his duly authorized representative certifies can be utilized in order to provide additional butter and cheese and other dairy products as part of the ration (1) of the Army, Navy, Air Force, or Coast Guard, (2) in hospitals under the jurisdiction of the Department of Defense, and (3) of cadets and midshipmen at, and other personnel assigned to, the United States Merchant Marine Academy.

interfere with the usual marketings of the United States nor disrupt world prices of agricultural commodities and normal patterns of commercial trade.

Section 412, in subsection (b), requires the sales to be made through the Commodity Credit Corporation.

Section 412, in subsection (c), requires the Secretary, through September 30, 1995, to report semiannually to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate on the volume of sales made under section 412.

Section 413.—Component pricing of milk

Section 413 amends section 8c(5)(B) of the Agricultural Adjustment Act (7 U.S.C. 608c(5)(B)), reenacted with amendments by the Agricultural Marketing Agreement Act of 1937, to allow a further adjustment, equitably to apportion the total value of milk purchased by any handler or by all handlers among producers on the basis of the milk components contained in their marketings of milk in orders that provide for the payment to all producers and associations of producers delivering milk to the same handler of uniform prices for all milk delivered by them, or that provide for the payment to all producers and associations of producers delivering milk to all handlers of uniform prices for all milk so delivered, irrespective of the uses made of such milk by the individual handler to whom it is delivered.

Section 414.—Adjustments in payments by handlers

Section 414 amends section 8c(5) of the Agricultural Adjustment Act (7 U.S.C. 608c(5)), reenacted with amendments by the Agricultural Marketing Agreement Act of 1937, to allow milk orders to contain a provision that provides that adjustments in payments by handlers under section 8c(5)(A) need not be the same as adjustments to producers under 8c(5)(B) with regard to adjustments authorized by sections 8c(5)(A)(2), 8c(5)(A)(3), 8c(5)(B)(ii)(b), 8c(5)(B)(ii)(c), and 8c(5)(B)(ii)(d).[3]

Section 415.—Dairy export incentive program

Section 415 amends section 153 of the Food Security Act of 1985 (15 U.S.C. 713a-14) to extend from September 30, 1990 to December 31, 1995 the provision requiring the Commodity Credit Corporation

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[3] Section 8c(5) provides that milk orders must contain one or more specified provisions of which the following are included:

(1) Sections 8c(5)(A)(2) and 8c(5)(A)(3) requires prices to be uniform as to all handlers, subject to adjustments for the grade or quality of the milk purchased, and the locations at which delivery of such milk, or any use classification thereof, is made to such handlers.

(2) Section 8c(5)(B)(ii) provides for the payment to all producers and associations of producers delivering milk to all handlers of uniform prices for all milk so delivered, irrespective of the uses made of such milk by the individual handler to whom it is delivered subject to adjustments for the grade or quality of the milk delivered (8c(5)(B)(1) (b)), the locations at which delivery of such milk is made (8c(5)(B)(ii)(c)), and a further adjustment to encourage seasonal adjustments in the production of milk through equitable apportionment of the total value of the milk purchased by any handler, or by all handlers, among producers on the basis of their marketings of milk during a representative period of time, which need not be limited to one year (8c(5)(B)(ii)(d)).

to establish and operate an export incentive program for dairy products.

Section 416.—Amendment to the packers and stockyards act, 1921, to provide for the establishment of trusts for the benefit of milk producers

Section 416, in subsection (a), will amend section 2(a) of the Packers and Stockyards Act, 1921 (7 U.S.C. 182) to define the term—

(1) "milk" to mean cow's milk;

(2) "milk product" to mean any product or by product from processing milk;

(3) "milk producer" to mean any person who produces milk; and

(4) "handler" to mean any person who, in commerce, receives or otherwise acquires milk, processes, prepares or arranges for marketing, or markets the milk.

Section 416, in subsection (b), amends the Packers and Stockyards Act, 1921 (7 U.S.C. 181 et seq.) to add a new section 208.

New section 208, in subsection (a), finds that a burden on commerce in milk and an obstruction to commerce in milk is caused by financing arrangements under which handlers encumber, give lenders security interest in, or have liens placed on—

(1) milk purchased or received by a handler,

(2) inventories of milk,

(3) receivables or proceeds from milk, or

(4) products derived from milk

when payment is not made for the milk. These arrangements are contrary to the public interest.

Section 208 is intended—

(1) to remedy these burdens on commerce in milk,

(2) to remedy these obstructions to commerce in milk, and

(3) to protect the public interest.

New section 208, in subsection (b), provides that all milk purchased or received by a handler, all inventories of milk or milk products, or all receivables or proceeds from milk or milk products, must be held by the handler in trust for the benefit of all unpaid milk producers of this milk or milk products or unpaid handlers until full payment has been received by this unpaid milk producer or handler.

It is the Committee's intent that the trust established under section 208(b) be created at that point in time when the handler files bankruptcy.

New section 208, in subsection (c), provides that payment will not be considered to have been made if the milk producer or handler receives a payment instrument which is dishonored.

New section 208, in subsection (d), provides that the unpaid milk producer or unpaid handler will lose the benefit of the trust if such milk producer or handler has not preserved his trust by giving written notice to the debtor handler and by filing such notice with the Secretary—

(1) within thirty days of the final date for making a payment for milk when a payment instrument has not been received, or

(2) within fifteen business days after the milk producer or handler has received notice that the payment instrument promptly presented for payment has been dishonored.

New section 208, in subsection (e), vests the several district courts of the United States with jurisdiction specifically to entertain—

(1) actions by trust beneficiaries to enforce payment from the trust; and

(2) actions by the Secretary to prevent and restrain dissipation of the trust.

Section 416, in subsection (c), amends section 401 of the Packers and Stockyards Act, 1921 (7 U.S.C. 221) to require every milk handler to keep such accounts, records, and memoranda as fully and correctly disclose all transactions involved in his business, including the true ownership of such business by stockholding or otherwise.

In addition section 416(c) amends section 403 of the Packers and Stockyards Act, 1921 (7 U.S.C. 223), to provide that when construing and enforcing the provisions of the Packers and Stockyards Act, the act, omission, or failure of any agent, officer, or other person acting for or employed by any milk handler within the scope of his employment or office, will in every case also be deemed the act, omission, or failure of the handler, as well as that of the agent, officer or other person.

Section 416, in subsection (d), provides that the amendments made by section 416 will take effect 90 days after the date of the enactment of the bill.

Section 416, in subsection (e), authorizes to be appropriated as may be necessary for the administration of section 416.

Section 417.—Status of producer handlers.

Section 417 provides that the legal status of producer handlers of milk under the Agricultural Adjustment Act (7 U.S.C. 601 et seq.), reenacted with amendments by the Agricultural Marketing Agreement Act of 1937, will be the same after the amendments made by title IV take effect as it was before the effective date of these amendments.

TITLE V—WOOL AND MOHAIR

Section 501—Extension of price support program

Section 501 amends section 703 of the National Wool Act of 1954 (7 U.S.C. 1782) to extend the current provisions of the price support program for wool and mohair through 1995.

Section 502—Promotion program

Section 502 amends section 708 of the National Wool Act of 1954 (7 U.S.C. 1787) to reduce the margin needed in a referendum to approve a promotion program funded by deductions from producers' price support payments from at least two-thirds to a majority of both producers voting and the production represented by such producers.

Section 503—Payment limitation

Section 503 amends section 704 of the National Wool Act of 1954 (7 U.S.C. 1783) to limit the total amount of payments that any one producer is entitled to receive under the Act for any marketing year that begins after the date of enactment of H.R. 3950 to $250,000.

TITLE VI—HONEY

SUBTITLE A—BEEKEEPING STABILIZATION

Section 601—Short title

Section 601 provides that subtitle A may be cited as the "Beekeeping Industry Stabilization Act of 1990".

Section 602—Findings and policy

Section 602(a) provides the findings of Congress that—

(1) honeybees serve a vital function for United States agriculture by pollinating millions of acres of fruits, vegetables, oilseeds, and legume seed crops annually;

(2) pollination by honeybees adds an estimated $9.7 billion annually to the value of the crops pollinated in the United States and has many additional indirect benefits to agriculture and horticulture, and such pollination has increased in importance to farmers in recent years as urbanization and other pressures on the environment have lessened the availability of other natural pollinators;

(3) while the value of honeybees to agriculture as pollinators far exceeds the value of the honey produced by bees, the income from honey production is essential to most beekeepers' operations since their income from honey production far exceeds the fees they receive for pollination services;

(4) honey production provides the incentive for beekeepers to maintain strong colonies of bees during the many months of the year that bees are not involved in commercial pollination; and

(5) the honey price support program has enabled beekeepers to continue operations and provide vital pollinating services while also assuring consumers of a stable supply of nutritious honey at reasonable prices.

Section 602(b) provides that it is declared to be the policy of Congress that the provisions of H.R. 3950 to extend the honey price support program are necessary to preserve a viable beekeeping industry in the United States.

Section 603—Honey price support

Section 603 amends section 201(b) of the Agricultural Act of 1949 (7 U.S.C. 1446), effective only for the 1991 through 1995 crops of honey.

The new section 201(b)(1) requires that for each of the 1991 through 1995 crops of honey, the price of honey be supported through loans, purchases, or other operations at not less than 53.8 cents per pound.

The new section 201(b)(2) authorizes the Secretary of Agriculture to permit a producer to repay a loan made to the producer under the new subsection (b) for a crop at a level that is the lesser of—

(1) the loan level determined for such crop; or

(2) such level as the Secretary determines will—

(A) minimize the number of loan forfeitures;

(B) not result in excessive total stocks of honey;

(C) reduce the costs incurred by the Federal Government in storing honey; and

(D) maintain the competitiveness of honey in the domestic and export markets.

The new section 201(b)(3)(A) makes any person who the Secretary determines has knowingly pledged adulterated or imported honey as collateral to secure a loan made under this subsection, in addition to any other penalty or sanction prescribed by law, ineligible for a loan, purchase, or payment under the new subsection (b) for the 3 crop years succeeding such determination.

The new section 201(b)(3)(B) provides that for purposes of the new section 201(b)(3)(A), honey is considered adulterated if—

(1) any substance has been substituted wholly or in part for such honey;

(2) such honey contains a poisonous or deleterious substance that may render such honey injurious to health, except that in any case in which such substance is not added to such honey, such honey will not be considered adulterated if the quantity of such substance in or on such honey does not ordinarily render it injurious to health; or

(3) for any other reason, such honey is unsound, unhealthy, unwholesome, or otherwise unfit for human consumption.

SUBTITLE B—RESEARCH, PROMOTION, AND CONSUMER INFORMATION

Section 611—Short title

Section 611 of the bill provides that subtitle B of the bill may be cited as the "Honey Research, Promotion, and Consumer Information Act Amendments of 1990".

Section 612—Definitions

Section 612 of the bill amends section 3 of the Honey Research, Promotion, and Consumer Information Act (7 U.S.C. 4601 et seq.; hereafter referred to as the "Act"). Section 3 of the Act prescribes the definitions of terms used in the Act.

Section 612(1) amends section 3(8) of the Act to clarify the definition of "importer" is consistent with the person who is listed in the import records of the United States as the importer of record for honey or honey products subject to the provisions of the Act in order to facilitate the work of the Honey Board in administering the honey research, promotion, and consumer information program under the Act. Currently, the importer of record for each import shipment of honey is listed on the Customs Service "Entry Summary", form 7501. With this amendment to the definition of the term "importer", the Honey Board should be able easily to identify who is an importer under the Act by simply referring to the names of such importers listed on Customs Service form 7501 as the import-

er of record. The Committee expects that the Customs Service will continue to cooperate with the Honey Board in making this information readily available for the limited purpose of verifying the identity of such importers and that such importers are paying any assessments owed under the Act.

Section 612(2) adds a new section 3(18) to the Act to provide that, as used in the Act, the term "exporter" means any person who exports honey or honey products from the United States.

Section 613—Required terms in orders

Section 613 of the bill amends section 7 of the Act, regarding the terms required to be included in an order issued under the Act.

Section 613(1)(A) amends section 7(c)(2)(C) of the Act to require that, of the thirteen members of the Honey Board authorized under the Act, two members must be either importers or exporters, of which at least one will be required to be an importer. The Committee has been informed that the field of qualified importers eligible to serve on the Board is limited and it will be difficult to replace current importer members and alternates when they step down. Also, in recent years honey imports have been reduced while exports have increased. If these trends continue, it might become appropriate to substitute an exporter for an importer on the Board.

The new section 7(c)(2)(C) also requires that such importer or exporter representatives be appointed by the Secretary of Agriculture (hereafter referred to as the "Secretary") from nominations submitted by the National Honey Nominations Committee (hereafter referred to as the "Nominations Committee") established under section 7(b)(1) of the Act, as such nominations are selected by the Nominations Committee from among recommendations made by industry organizations representing importer and exporter interests.

Section 613(1)(B) amends section 7(c)(2) of the Act to clarify that the Nominations Committee is required to submit nominations to the Secretary for only one alternate for each member of the Honey Board.

Section 613(1)(C) amends section 7(c)(2) of the Act to prohibit any producer-packer [1] who, during any three of the preceding five years, purchased for resale more honey than such producer-packer produced from being eligible for nomination or appointment to the Honey Board as a producer described in section 7(c)(2)(A) of the Act, or as an alternate to such producer on the Honey Board. This provision is intended to ensure that a person who is predominantly a packer (i.e. a handler) of honey is not seated on the Board as a producer representative, as this would effectively reduce producer representation on the Board.

Section 613(1)(D) amends section 7(c)(4) of the Act to provide that a member of the Honey Board need not be automatically replaced by an alternate if, as a result of a change in the determination of the boundaries of a region, the producer member or alternate is no longer from the region from which such person was appointed, in which case such member or alternate may serve out the term for

[1] A "producer-packer" is defined in section 3(9) of the Act as any person who is both a producer and a handler of honey. A handler of honey is defined in section 3(6) and 3(7) of the Act as any person who sells, packages or processes honey.

which such person was appointed. This provision is necessary because producer districts are reviewed every five years and may be redrawn as a result of the review. This amendment will assure continuity on the Board by allowing Board members to continue to represent an area for a relatively brief period.

Section 613(2) adds a new section 7(k) to the Act to provide that any patent on any product, copyright on any material, or any invention, product formulation or publication developed through the use of funds collected by the Honey Board will be the property of the Honey Board, and to require that the funds generated from any such patent, copyright, invention, product formulation, or publication inure to the benefit of the Honey Board.

Section 614—Assessments

Section 614(a) further amends section 7 of the Act with regard to assessments required under the Act.

Section 614(a)(1) amends section 7(e)(1) of the Act by striking the authority for the Honey Board to increase the rate of assessment under the Act, and inserting language to provide that the rate of assessment on honey will be one cent per pound, with payment to be made in the manner described in section 9 of the Act, as amended by section 614(b) of the bill. This amendment deletes the authority in current law to increase the assessment on honey to as much as 4 cents per pound.

Section 614(a)(2) amends section 7(e)(2) of the Act regarding honey that is exempt from assessment under the Act.

The new section 7(e)(2)(A) exempts from assessment under the order honey that is consumed at home by the producer or importer or donated by the producer or importer to a nonprofit, government, or other entity, as determined appropriate by the Secretary, rather than sold. The exemption from assessment under section 7(e)(2) of current law is a general exemption for each producer or importer who produces or imports less than 6,000 pounds of honey during a year. The new section 7(e)(2)(A) simplifies administration of exemptions by eliminating exemptions where honey is sold to handlers or is placed under a price support loan with the Commodity Credit Corporation. When honey is sold to handlers or is placed under a price support loan, it moves into a normal stream of commerce where the assessment is automatically collected. Hence, under the new section 7(e)(2)(A), producers of less than 6,000 pounds of honey annually who sell such honey in normal commercial channels would not automatically be eligible for an exemption on such honey, as is the case under current law, but would be treated the same as other producers if they should seek a refund (if refunds remain available). It is the intent of the Committee that the exemption from the assessment provided for donated honey under the new section 7(e)(2)(A) not apply to donated honey that is later sold in a commercial outlet by a donee or a donee's assignee. The Committee expects the Honey Board and the Secretary to develop procedures to ensure that this exemption is not abused or used to circumvent the payment of assessments on honey that is marketed, and to provide for the payment of the assessment to the Board for donated honey that is later sold contrary to the provisions of section 7(e)(2)(A).

The new section 7(e)(2)(B)(i) of the Act provides that a producer, producer-packer, or importer who produces or imports during any year less than 6,000 pounds of honey will be eligible for an exemption during such year from paying an assessment on honey such person distributes directly through local retail outlets, as determined by the Secretary, during such year. This exemption is intended to include direct sales of honey (at roadside stands and similar local outlets) by honey producers who do not sell such honey to handlers or place such honey under a price support loan with the Commodity Credit Corporation.

The new section 7(e)(2)(B)(ii) of the Act provides that, in order to claim an exemption from an assessment under section 7(e)(2)(B), a person must submit an application to the Honey Board stating the basis on which the person claims the exemption for such year.

The new section 7(e)(2)(B)(iii) of the Act requires that if, after a person claims an exemption from assessments for any year under section 7(e)(2)(B) such person no longer meets the requirements for such an exemption, then such person must file a report with the Honey Board in the form and manner prescribed by the Board and pay an assessment on or before March 15 of the subsequent year on all honey produced or imported by such person during the year for which the person claimed the exemption.

The new section 7(e)(3) provides that if a producer, producer-packer, or importer does not pay any assessments under this Act due to the applicability to such person of the exemptions from assessments provided in section 7(e)(2), then such producer, producer-packer, or importer may not be considered a producer or importer for purposes of voting in any referendum conducted under this Act during the period the person's exemption from all assessments is in effect. This new provision is intended to clarify that any person who is completely exempt from assessments may not vote in any referendum of honey producers and importers under the Act.

Section 614(b) of the bill amends section 9 of the Act regarding the collection of assessments and the refund of such assessments under the Act.

Section 614(b)(1) amends section 9(d) of the Act to require the Secretary, in any case in which a loan is made with respect to honey under the honey price support loan program established under the Agricultural Act of 1949, or successor statute, to provide for the assessment to be deducted from the disbursement of any loan funds made to the producer and for the amount of such assessment to be forwarded to the Honey Board.

The amended section 9(d) of the Act also requires the Secretary to provide for the producer to receive a statement of the amount of the assessment deducted from the loan funds promptly after each occasion when an assessment is deducted from any such loan funds under this subsection. By contrast, the current section 9(d) requires the Secretary to provide the producer with proof of payment of the assessment when such a loan is redeemed by the producer.

Section 614(b)(2) of the bill amends section 9(f) of the Act to require persons receiving an exemption from assessments under the Act to maintain and make available for inspection by the Secretary such books and records as are required by the order and to file such reports as are required by the order. Current law requires

handlers, importers, and producers-packers responsible for payment of assessments to maintain such books and records and make such reports. The amendment to section 9(f) is designed to provide the Honey Board with the information necessary to properly enforce the exemption provisions of the Act.

Section 614(b)(3) amends section 9(h) of the Act by redesignating the current section 9(h) as section 9(h)(1)(A) and to clarify that the amount of refunds of assessments made to an importer, as a percentage of the total assessments collected from such importer, may not exceed the amount of refunds made to domestic producers, as a percentage of the total assessments collected from such domestic producers.

The new section 9(h)(1)(B) of the Act provides that a producer that has obtained a honey price support loan under the Agricultural Act of 1949, or successor statute, may obtain a refund if the producer has submitted to the Honey Board the statement received by the producer under section 9(d) of the amount of assessment deducted from the loan funds and has otherwise complied with this subsection, even though the loan with respect to which the assessment was collected may still be outstanding and final settlement has not been made. Under current law, refunds of assessments cannot be made on honey under price support loan with the Commodity Credit Corporation until the time of final settlement of the loan, even when a portion of the honey under loan is redeemed by the producer prior to the maturity date of the loan. This can delay refunds to producers for months. The new section 9(h)(1)(B) is intended to correct this inequity.

The new section 9(h)(2) of the Act provides that, with respect to the order in effect on the date of the enactment of the bill, following the referendum on such order required under section 13(b)(2) of the Act as amended by the bill, a producer or importer may obtain a refund of an assessment under such order as provided in paragraph 9(h)(1) only if the Secretary determines that the proposal to terminate refunds under the order is defeated in such referendum.

Section 614(b)(4) adds a new section 9(i) to the Act, which provides that if a first handler or the Secretary fails to collect an assessment from a producer under section 9 of the Act, the producer shall be responsible for the payment of the assessment to the Honey Board.

Section 615—First reconfirmation referendum

Section 615(a) of the bill amends section 13(b) of the Act to clarify that the referendum specified in the new section 13(b)(2)(A) will be held in lieu of the first reconfirmation referendum mandated by the current section 13(b), which is redesignated as section 13(b)(1). Section 13(b)(1), as so redesignated, is also amended to clarify that the Secretary must conduct the reconfirmation referendum required under such section to determine whether a majority of producers favor the termination or suspension of the order.

Section 615(a)(3) adds a new section 13(b)(2)(A) to the Act to provide that, in lieu of the first referendum otherwise required to be conducted under section 13(b)(1) for the order in effect on the date of the enactment of the bill, the Secretary must conduct a referendum to determine if honey producers and importers favor—

(1) the continuation of the order; and

(2) termination of the authority for producers and importers to obtain a refund of assessments under section 9(h)(1).

The new section 13(b)(2)(A) also requires the referendum to be conducted at the time the first referendum otherwise required under section 13(b)(1) would have been conducted, except for the operation of section 13(b)(2).

The Secretary should conduct the referendum required under section 13(b)(2)(A) in such a fashion that honey producers and importers will be able to cast a "yes" vote to indicate their support for the continuation of the order and a "yes" vote to indicate their support for the termination of the authority for producers and importers to obtain a refund of assessments under section 9(h)(1). However, these are to be presented on any ballot as two separate questions.

The new section 13(b)(2)(B)(i) of the Act requires the Secretary to terminate an order issued under the Act at the end of the marketing year during which such referendum is conducted, if the Secretary determines that termination of the order is approved or favored by not less than a majority of the producers and importers voting in the referendum and that the producers and importers comprising this majority produce and import more than 50 percent of the volume of honey produced and imported by those voting in the referendum.

The new section 13(b)(2)(B)(i) of the Act requires that if the Secretary determines that termination of the authority for producers and importers to receive refunds of assessments under section 9(h)(1) is favored or approved by a majority of the producers and importers voting in such referendum and that the producers and importers comprising this majority produce and import more than 50 percent of the volume of honey produced and imported by those voting in the referendum, then the Secretary must amend such order as necessary to reflect the vote of producers and importers. Such amendment to the order is required to become effective on the date it is issued, but in no case more than 180 days after the conduct of such referendum.

Section 615(b) of the bill makes technical and conforming amendments to section 13(d) of the Act, consistent with the amendments made to section 13(b) of the Act by section 615(a) of the bill.

Section 616—Investigations and power to subpoena

Section 616 of the bill adds a new section 11A to authorize the Secretary to conduct certain investigations and to issue subpoenas under specified circumstances. This new section is similar to the investigatory and subpoena provisions of other promotion and research statutes, and facilitates effective operation of the honey research, promotion, and consumer information order under the Act.

The new section 11A(a) of the Act authorizes the Secretary to make such investigations as the Secretary deems necessary—

(1) for the effective administration of the Act; or

(2) to determine whether a person has engaged or is engaging in any act or practice that constitutes a violation of any provision of the Act, or of any order, rule, or regulation issued under the Act.

The new section 11A(b)(1) authorizes the Secretary, for the purpose of an investigation made under section 11A(a), to administer oaths and affirmations and to issue a subpoena to require the production of any records that are relevant to the inquiry. The production of any such records may be required from any place in the United States.

The new section 11A(b)(2) authorizes the presiding officer of an administrative hearing held under section 10 or 11 of the Act to administer oaths and affirmations, subpoena witnesses, compel the attendance of witnesses, take evidence, and require the production of any records that are relevant to the inquiry. The attendance of witnesses and the production of any such records may be required from any place in the United States.

The new section 11A(c) authorizes the Secretary, in case of contumacy by, or refusal to obey a subpoena issued to, any person, to invoke the aid of any court of the United States within the jurisdiction of which such investigation or proceeding is carried on, or where such person resides or carries on business, in order to enforce a subpoena issued by the Secretary under section 11A(b). Section 11A(c) also authorizes the court to issue an order requiring such person to comply with such a subpoena.

The new section 11A(d) permits a court issuing an order under section 11A(c) of the Act to punish any failure to obey such order of the court as a contempt thereof.

The new section 11A(e) provides that the service of process in any case under section 11A may be served in the judicial district in which such person resides or conducts business or wherever such person may be found.

The new section 11A(f) requires any hearings held under section 11A to be held within the judicial district where such person resides or has a principal place of business.

Section 617—Conforming amendment to order

Section 617 of the bill requires the Secretary, notwithstanding any provision of the Act, after notice and opportunity for public comment, to issue an amendment to the order in effect under the Act on the date of the enactment of the bill to conform such order to the amendments made by the bill. Section 617 further requires that the amendment to the order will become effective on the date of its publication in the Federal Register without a referendum thereon (except for the referendum specifically provided for under section 13(b)(2) of the Act as added by section 615 of the bill). Finally, section 617 requires the Secretary to issue such amendment to the order in final form not later than 150 days after the date of the enactment of the bill.

TITLE VII—OILSEEDS

Section 701—Oilseed price support

Section 701 amends section 201 of the Agricultural Act of 1949 (7 U.S.C. 1446), effective only for the 1991 through 1995 crops of oilseeds, including soybeans, sunflower, canola, rapeseed, safflower, flaxseed, and mustard seed, to require the Secretary to make available price support to producers for oilseeds (including soybeans,

sunflower, canola, rapeseed, safflower, flaxseed, and mustard seed) as provided in section 201(g).[1]

In addition, section 701 adds a new section 201(g), effective only for the 1991 through 1995 crops of oilseeds, including soybeans, sunflower, canola, rapeseed, safflower, flaxseed, and mustard seed.

New section 201(g), in paragraph (1), requires the Secretary to support the price of soybeans, sunflowers, canola, rapeseed, safflower, flaxseed, mustard seed, and any other oilseeds that the Secretary designates, through loans and purchases in each of the 1991 through 1995 marketing years. Except as provided in section 201(g)(2), the level of price support—

(1) in the case of the 1991 and 1992 crops of soybeans will not be less than $5.25 per bushel; and

(2) in the case of the 1991 through 1995 crops of sunflower, canola, rapeseed, safflower, flaxseed, mustard seed, and other oilseeds that the Secretary designates, will be set for each of these oilseeds at a level that the Secretary determines is fair and reasonable in relation to the level of price support available for soybeans, including any adjustment made pursuant to section 201(g)(2), except that cottonseed may not be supported at a level that is less than the level established for soybeans on a per-pound basis for the same crop year.

New section 201(g), in paragraph (2), in the case of each of the 1993 through 1995 crops of soybeans and other oilseeds for which a price support program is in effect under section 201(g), if the Secretary estimates for the marketing year for these crops that the ratio of ending stocks of soybeans or the other oilseeds to total use for the marketing year will be—

(1) more than 25 percent, authorizes the Secretary to reduce the level of price support determined under section 201(g)(1)(B) for soybeans or the other oilseeds for the marketing year by an amount not to exceed 5 percent in any year.

(2) more than 20 percent but not more than 25 percent, prohibits the Secretary from reducing the level of price support determined under 201(g)(1)(B) for soybeans or the other oilseeds for the marketing year.

(3) equal to or less than 20 percent, requires the Secretary to increase the level of price support determined under section 201(g)(1)(B) for soybeans or the other oilseeds for the marketing year by 5 percent in any year. However, in no case may the level of price support for the 1993 crop of soybeans be more than $5.40 per bushel.

Any change in the level of price support for soybeans or the other oilseeds under section 201(g)(2) will not be considered in determining the level of price support for subsequent years.

New section 201(g), in paragraph (3), requires the Secretary to submit to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate a report certifying any adjustment under section

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[1] Under current law, the Secretary is required to support the price of soybeans through loans and purchases in each of the 1986 through 1990 marketing years as provided in section 201(i) of the Agricultural Act of 1949.

In addition, the Secretary may support the price of sunflower seeds through loans and purchases for each of the 1987 through 1990 crops of sunflowers as provided in section 201(1).

201(g)(2) as necessary to prevent the build-up of stocks or to encourage production, and containing a description of the need for the adjustment, if the Secretary adjusts the level of price support for soybeans or other oilseeds under section 201(g)(2). Any adjustment under section 201(g)(2) will become effective no earlier than 60 calendar days after the date of submission of this report to these committees.

New section 201(g), in paragraph (4), requires the Secretary to permit a producer to repay a loan made under section 201(g) for any crop of soybeans, sunflower, canola, rapeseed, safflower, flaxseed, mustard seed, and other oilseeds that the Secretary designates, at a level that is the lesser of—

(1) the loan level determined for the crop; or

(2) the prevailing world market price for the crop, as determined by the Secretary.

In addition, the Secretary must prescribe by regulation—

(1) a formula to define the prevailing world market price for these crops; and

(2) a mechanism by which the Secretary will periodically announce the prevailing world market price for these crops.

New section 201(g), in paragraph (5), requires the Secretary, for each of the 1991 through 1995 crops of soybeans, sunflower, canola, rapeseed, safflower, flaxseed, mustard seed, and other oilseeds that the Secretary designates, to make payments available to producers who, although eligible to obtain a loan under section 201(g)(1), agree to forgo obtaining this loan in return for payments which will be computed by multiplying—

(1) the loan payment rate (The loan payment rate is the amount by which the loan level determined for the crop under section 201(g)(1) exceeds the level at which a loan may be repaid under section 201(g)(4).); by

(2) the quantity of the crop that the producer is eligible to place under loan (The quantity of these crops eligible to be placed under loan may not exceed the product obtained by multiplying the individual farm acreage for these crops actually harvested, by the actual yield per harvested acre established for the farm.).

The Secretary is authorized to make payments under this provision available in the form of certificates redeemable for any agricultural commodity owned by the Commodity Credit Corporation and is required to make these certificates available in such a manner so as to minimize the accumulation of oilseed stocks.

New section 201(g), in paragraph (6), establishes the marketing year for—

(1) soybeans, sunflower, or safflower to be the 12-month period beginning on September 1 of the calendar year in which the crop of the commodity is harvested;

(2) canola and rapeseed to be the 12-month period beginning on May 1 of the calendar year in which the crop of the commodity is harvested; and

(3) flaxseed, mustard seed, and any other oilseeds that the Secretary designates to be period that the Secretary prescribes by regulation.

New section 201(g), in paragraph (7), requires the Secretary—

(1) to make a preliminary announcement of the support price for each crop of soybeans, sunflower, and safflower not later than November 1 preceding the beginning of the marketing year for the crop,

(2) to make a preliminary announcement of the support price for each crop of canola and rapeseed not later than July 1 preceding the beginning of the marketing year for the crop,

(3) to make a preliminary announcement of the support price for each crop of flaxseed, mustard seed, and other oilseeds that the Secretary designates not later than 10 months preceding the beginning of the marketing year for the crop, and

(4) to make a final announcement of the level of price support for each crop of soybeans, sunflower, canola, rapeseed, safflower, flaxseed, mustard seed, and other oilseeds that the Secretary designates not later than 30 days after the beginning of the marketing year for these crops. The final support price may not be less than the support price provided for in the preliminary announcement.

New section 201(g), in paragraph (8), requires that loans for each crop of soybeans, sunflower, canola, rapeseed, safflower, flaxseed, mustard seed, and other oilseeds that the Secretary designates will be made available not earlier than the beginning of the marketing year for the crop and will mature nine months from the date of the loan.

New section 201(g), in paragraph (9), notwithstanding any other provision of law, prohibits the Secretary from requiring participation in any production adjustment program for any commodity as a condition of eligibility for price support under section 201(g).

TITLE VIII—PEANUTS

Section 801—Suspension of Marketing Quotas and Acreage Allotments

Section 801 extends current law that makes various permanent allotment and quota provisions of the Agricultural Adjustment Act of 1938 inapplicable to the 1991-1995 crops of peanuts.

Section 802—National Poundage Quota and Farm Poundage Quota

Section 802, effective for the 1991-1995 crops of peanuts, amends section 358 of the Agricultural Adjustment Act of 1938 by amending subsections (k) through (p). The amended subsection (k) directs the Secretary to establish the national poundage quota for each such crop at the quantity of peanuts the Secretary estimates will be devoted to domestic edible, seed, and related uses, but fixes a floor on the quota of 1,350,000 tons and directs the Secretary to announce the national poundage quota by December 15 preceding the marketing year.

The amended subsection (l) apportions the national poundage quota among the States so that the quota for each State equals the percentage of the national poundage quota allocated to that State for 1990.

The amended subsection (m)—

(1) requires the establishment of a farm poundage quota—

(A) for each farm that had a quota for the 1990 crop, equal to the quota for the preceding year as adjusted in subsection (m)(2);

(B) for each other farm in a State on which peanuts were produced in at least two of the preceding three crop years if the State quota for a crop is increased over that for the preceding crop, equal to each farm's share of any increased State quota; and

(C) for institutions engaged in research and experimentation, equal to the amount of quota held by each such institution in 1985;

(2) provides that—

(A) for any year for which the State quota is increased over its quota for the preceding crop, the increase will be shared proportionately by farms that had a quota for the preceding crop and by all other farms on which peanuts were grown in at least two of the preceding three crop years; and

(B) for any year for which the State quota is decreased under its quota for the preceding crop, the decrease will be shared proportionately by farms having a quota for the preceding crop;

(3) provides for a special allocation of 33 percent of any increased poundage quota ("reserve share") apportioned to Texas for any year beginning with the 1991 marketing year by distributing such reserve share to counties in which the production of additional peanuts exceeded the total poundage quota allocated to farms in such counties for the 1989 marketing year ("eligible counties") in proportion to—

(A) the total additional peanuts produced in each eligible county for the 1988 crop divided by the total amount of additional peanuts produced in all such eligible counties for the 1988 crop; multiplied by

(B) the reserve share; and

(C) by further allocating such distributed quota only to farms from which additional peanuts were delivered under contract with handlers for the immediately preceding marketing year that had a poundage quota for the 1990 marketing year ("eligible farms") in proportion to the ratio of the amount of additional peanuts contracted and delivered to handlers from the farm divided by the total amount of remaining peanuts produced on the farm for the immediately preceding marketing year as compared to the total of such ratios for all eligible farms in such county;

(4) provides that the farm poundage quota established for a farm shall be reduced, insofar as practicable and on such fair and equitable basis as the Secretary may prescribe, to the extent that the Secretary determines that the farm poundage quota established for the farm for any two of the three marketing years preceding the marketing year for which the determination is being made, exclusive of any increases for under marketing of quota peanuts from previous years or from the allocation of quotas voluntarily released for one year, was not produced, or considered produced, on the farm;

(5) provides that a quota will be considered produced if it was not produced because of drought, flood, other natural disaster, or other cause beyond the producer's control, was voluntarily released for one year, or was leased to another owner or operator within the same county for only 1 of the 3 immediately preceding years;

(6) permits the permanent release of a farm quota or any part of a farm quota by the owner or the operator with the owner's permission;

(7) directs the Secretary to allocate to farms in a State on which peanuts were produced in at least two of the three preceding crop years the quota reduced or permanently released in the State, except that up to 25 percent of the total of such reduced or released quota is to be allocated to farms producing only additional peanuts in the preceding year;

(8) provides for a special allocation beginning with the 1991 marketing year of the farm poundage quota reduced from farms in the State of Texas under subsection (m)(4) ("release share") for any year by distributing such release share to counties in which the production of additional peanuts exceeded the total poundage quota allocated to farms in such counties for the 1989 marketing year ("eligible counties") in proportion to—

(A) the total additional peanuts produced in each eligible county for the 1988 crop divided by the total amount of additional peanuts produced in all such eligible counties for the 1988 crop; multiplied by

(B) the release share,

and by further allocating such distributed quota only to farms from which additional peanuts were delivered under contract with handlers for the immediately preceding marketing year that had a poundage quota for the 1990 marketing year ("eligible farms") in proportion to the ratio of the amount of additional peanuts contracted and delivered to handlers from the farm divided by the total amount of remaining peanuts produced on the farm for the immediately preceding marketing year as compared to the total of such ratios for all eligible farms in such county;

(9) permits voluntary release of all or part of a farm quota for one year and provides for allocation of quotas so released to other farms in the State on such basis as the Secretary may prescribe;

(10) provides that a farm's quota for any year shall be increased by undermarketings for previous years after the 1989 marketing year, unless the quota for the farm was reduced for failure to produce and permit such increase to be used by the transfer of additional peanuts produced on the farm to the quota loan pool for pricing purposes; and

(11) caps the total of all such increases at 10 percent of the national poundage quota.

The amended subsection (n) provides for determination of a farm yield for each quota farm equal to the average annual yield per acre for the three crops for which the yield was highest during the 1973–1977 period, and directs the Secretary to appraise a yield for farms on which peanuts were not produced for at least three years

during the period or if there was a substantial change in the operation of the farm during the period. The appraised yield is to be based on yields of similar farms in the area and other relevant factors.

The amended subsection (o) requires the holding, by December 15, of each year, of an annual referendum of producers of quota peanuts to determine if such producers favor poundage quotas during the four succeeding years, but provides that if at least two-thirds of those voting favor quotas, no referendum shall be held for the second, third, fourth and fifth years, and that if more than one-third of those voting oppose quotas, no quotas will be in effect for the next year.

The amended subsection (p) defines—

(1) "additional peanuts" as peanuts produced in excess of the quota on a farm having a quota and all peanuts produced on a farm that has no quota;

(2) "crushing" as processing peanuts to extract oil for food uses and meal for feed uses, or the processing of peanuts by crushing or otherwise, as authorized by the Secretary;

(3) "domestic edible use" as use for milling to produce domestic food products and seed, or use on a farm, except the Secretary may exempt from such definition seeds of peanuts of unique strains not commercially available; and

(4) "quota peanuts" as peanuts eligible for domestic edible use produced within the quota on a farm having a quota, and marketed or considered marketed from the farm.

Section 803—Sale, lease, or transfer of farm poundage quota

Section 803, effective for the 1991–1995 crops of peanuts, amends section 358a of the Agricultural Adjustment Act of 1938 by amending subsections (i) and (j). Subsection (i) is amended to—

(1) permit the owner, or the operator with the owner's permission, to sell or lease all or any part of the farm poundage quota to another owner or operator of a farm within the same country, except that any fall lease may be entered into only if not less than 90 percent of the quota has been planted on the transferring farm and only under such conditions as the Secretary may prescribe; in the case of a fall transfer or a transfer after the normal planting season by a cash lessee, the landowner is not required to sign the transfer authorization and the transfer must be made within 72 hours after the inspection and grading of the peanuts to be transferred;

(2) permit the owner or operator to transfer all or any part of a farm poundage quota to another farm owned or controlled by the owner or operator—

(A) that is in the same county or in a contiguous county in the same State; and

(B) that had a quota for the preceding year's crop without a subsequent reduction in the transferring farm's quota as long as the transferred quota is produced or considered produced on the receiving farm; and

(3) permit transfer of a poundage quota to a farm in any other county in the same State in States having a State quota of less than 10,000 tons for the preceding year's crop.

Subsection (j) is amended to subject transfers of farm quotas under subsection (i) to the following conditions:

(1) Transfer from farms subject to a mortgage or other lien may be made only with the agreement of the lienholder;

(2) The receiving farm must have adequate tillable cropland to produce the farm quota;

(3) The record of the transfer must be filed with the county committee of the receiving county, and found to be in compliance with the provisions of subsection (j); and

(4) Such other conditions as the Secretary may prescribe.

Section 804—Marketing penalties; disposition of additional peanuts

Section 804, effective only for the 1991-1995 crops of peanuts, amends subsections (f) through (l) of section 359 of the Agricultural Adjustment Act of 1938. Subsection (f) is amended to—

(1) subject to a penalty of 140 percent of the support price for quota peanuts, any peanuts marketed for domestic edible use in excess of the farm poundage quota and any additional peanuts marketed from a farm unless they are—

(A) placed under loan at the additional loan rate;

(B) marketed through an area association; or

(C) marketed under contracts between handlers and producers;

(2) require that the penalty be paid by the person who buys or otherwise acquires the peanuts from the producer, or, if the peanuts are marketed by the producer through an agent, by the agent, and permit such person or agent to deduct an amount equivalent to the penalty from the price paid to the producer;

(3) make the person and all persons entitled to share in the peanuts marketed from the farm or their proceeds jointly and severally liable for the amount of the penalty, if the person required to collect the penalty fails to do so,

(4) make peanuts produced in a calendar year in which farm poundage quotas are in effect for the marketing year beginning therein subject to such quotas even though the peanuts are marketed prior to the date on which the marketing year begins;

(5) provide that, if a producer falsely identifies or fails to certify planted acres or fails to account for the disposition of any peanuts produced on such planted acres, an amount of peanuts equal to the farm's average yield, times the planted acres, will be deemed to have been marketed in violation of permissible uses of quota and additional peanuts and require the producer to pay the penalty;

(6) direct the Secretary to authorize county committees to waive or reduce marketing penalties in cases in which such committees determine that the violations were unintentional or without knowledge on the part of the parties concerned; and

(7) provide that errors in weight that do not exceed 1 tenth of 1 percent in the case of any one marketing document shall not be considered marketing violations except in cases of fraud or conspiracy.

Subsection (g) is amended to—

(1) provide that only quota peanuts may be retained for use as seed or for other uses on a farm and when so retained shall be considered as marketings of quota peanuts, except that the Secretary may exempt from consideration as marketings seeds of peanuts that are used to produce peanuts otherwise excluded under the section, are unique strains, and are not commercially available;

(2) require that additional peanuts shall not be retained for use on a farm and shall not be marketed for domestic edible use except as provided in subsection (k); and

(3) require that seed for planting of any peanut acreage in the United States be obtained solely from quota peanuts marketed or considered marketed for domestic edible use.

Subsection (h) is amended to subject to a penalty of 140 percent of the support price for quota peanuts, any peanuts marketed for domestic edible use by a handler that exceed in quantity or quality peanuts that could reasonably be produced from the quota peanuts acquired by the handler.

Subsection (i) is amended to—

(1) require that the handling and disposal of additional peanuts be supervised by the Secretary or area marketing association unless the handler agrees in writing to comply with provisions prescribed by the Secretary which shall include furnishing evidence of export and meeting specified allocations of peanuts lost due to reasons beyond the handler's control;

(2) require such handlers to export or crush peanuts classified in the following quantities:

(A) Sound split additional peanuts purchased by the handler to which a mandated deduction in the price paid to the producer is applied;

(B) Sound mature kernel peanuts (made up of sound split kernel peanuts and sound whole kernel peanuts) in an amount equal to the poundage of such peanuts purchased by the handler as additional peanuts minus the total poundage of sound split kernel peanuts described in (A) above;

(C) The remaining quantity of additional peanuts purchased by the handler; and require the Secretary to reduce such obligation by a shrinkage allowance of at least 4 percent unless the handler fails to comply with restrictions on the use of peanuts specified by the Commodity Credit Corporation;

(3) require all handlers of additional peanuts to submit adequate financial performance guarantees;

(4) permit commingling and exchanging of quota and additional peanuts on a dollar value basis under regulations prescribed by the Secretary;

(5) subject the handler to a penalty of 140 percent of the loan level for quota peanuts on any peanuts involved in the failure of a handler to comply with the Secretary's regulations unless the peanuts were not delivered to the handler; and

(6) subject the importer of any peanuts exported by a handler that are reentered into the United States in commercial quantities to a penalty of 140 percent of the loan level for quota peanuts on such quantity of peanuts.

Subsection (j) is amended to—

(1) permit handlers to contract with producers for the purchase of additional peanuts for crushing or export;

(2) require contracts to be submitted to the Secretary for approval before August 1 of the crop year, and to contain information determined appropriate by the Secretary;

(3) require contracts to include final purchase price and a prohibition against disposition of the peanuts for domestic edible or seed use; and

(4) require the Secretary to permit a handler, with the consent of a producer with whom the handler has contracted, to purchase additional peanuts from the producer and to offer such peanuts for sale for domestic edible, seed or related uses if the President issues a proclamation under section 22 of the Agricultural Adjustment Act temporarily suspending restrictions on, or increasing any quota for, the importation of peanuts.

Subsection (k) is amended to—

(1) permit peanuts owned or controlled by the Commodity Credit Corporation (CCC) to be made available for domestic edible use, and provide that additional peanuts made available for such use shall be offered at a price not less than that required to cover all costs incurred with respect to the peanuts, plus—

(A) at least 100 percent of the loan value for quota peanuts for sales during the harvest season;

(B) not less than 105 percent of the loan value for quota peanuts for sales after delivery by the producer but not later than December 31 of the marketing year; or

(C) not less than 107 percent of the loan value for quota peanuts for sales after December 31 of such year; and

(2) grant the area marketing association designated pursuant to section 108A(c)(1) of the Agricultural Act of 1949 (7 U.S.C. 1445c-1(c)(1)) the sole authority, subject to modification by agreement between the area marketing association and the Commodity Credit Corporation to facilitate the orderly marketing of additional peanuts, to accept or reject lot list bids when the sales price equals or exceeds the minimum price at which the Commodity Credit Corporation may sell its stocks of additional peanuts, for the period from the date additional peanuts are delivered for loan through March 1 of the calendar year following the year the additional peanuts were harvested.

Subsection (l) is amended to—

(1) make the person who is liable for payment or collection of any penalty under section 804 also liable for interest on any unpaid penalties at the rate CCC is charged by the Treasury for funds—

(2) exempt from the application of section 804 peanuts produced on a farm having harvested acreage of one acre or less;

(3) impose a lien on any peanuts subject to an unpaid penalty and on any subsequent crop in which the person liable for the penalty has an interest, until the penalty is paid;

(4) provide that the facts constituting a basis for any penalty, if officially determined by the Secretary according to applica-

ble regulations, shall not be reviewable by any other officer and agency of the Government; and

(5) permit the Secretary to reduce penalties against handlers for minor or inadvertent violations if the reduction will not impair program operations, except that the Secretary may not reduce a penalty for failure to export additional peanuts.

Section 805—Price Support Program

Section 805, effective only for the 1991-1995 crops of peanuts, amends section 108A of the Agricultural Act of 1949 (7 U.S.C. 1445c-1).

Subsection (a) of the amended section 108A—

(1) directs the Secretary to make price support available to producers for each of the 1991 through 1995 crops—

(2) establishes the national average quota support rate for each of the 1991 through 1995 crops at the level for the preceding year's crop adjusted to reflect any increase during the preceding year in the national average cost of peanut production, excluding any change in the cost of land, with a limitation on any increase of 6 percent above the rate for the preceding crop;

(3) prohibits any reduction in the support rate for inspection, handling, or storage;

(4) authorizes the Secretary to make adjustments for location of peanuts and other factors authorized by section 403; and

(5) directs the Secretary to announce the quota and additional peanut support levels for a crop by February 15 preceding the marketing year for the crop.

The amended section 108A(b) directs the Secretary to establish the support rate for each crop of additional peanuts at the level the Secretary finds appropriate, taking into consideration the demand for peanut oil and meal, expected prices of other vegetable oils and meals, and demand for peanuts in foreign markets, except that the level shall ensure that there are no losses to CCC.

The amended section 108A(c) directs the Secretary to make warehouse storage loans available in each producing area to a designated area marketing association that is not engaged in operations or activities concerning peanuts other than those specified under the program, requires such associations to be used in administrative and supervisory activities under the program, and provides that loans shall include, in addition to the price support value of peanuts, such costs as the associations reasonably may incur in carrying out their responsibilities under the program.

Section 108A(c) also directs the Secretary to require each association to establish pools and maintain records by area and segregation for quota peanuts placed under loan, and for additional peanuts placed under loan, except that separate pools are to be established for bright hull and for dark hull Valencia peanuts produced in New Mexico, requires that the net gains on peanuts in each pool shall be distributed only to producers placing peanuts in the pool in proportion to the value of the peanuts placed therein by each producer, and provides that net gains for peanuts in each pool shall consist of—

(1) for quota peanuts, net gains over and above the loan indebtedness and other costs or losses on the peanuts, plus an

amount from the pool for additional peanuts to the extent that gains from the sale thereof for domestic food uses equal any loss on disposition of all peanuts in the quota pool; and

(2) for additional peanuts, net gains above the loan indebtedness and costs incurred on the peanuts, less any amounts allocated under section 108A(c)(2)(B)(i).

The amended section 108A(d) provides that any distribution of net gains on additional peanuts (other than net gains on additional peanuts in separate type pools established under subsection (c)(2)(A) for Valencia peanuts produced in New Mexico) shall first be reduced to the extent of any loss by the Commodity Credit Corporation on quota peanuts placed under loan. Section 108A(d) also requires the proceeds due any producer from any pool to be reduced by the amount of any loss incurred on peanuts transferred from an additional pool to a quota pool, and requires losses in area quota pools to be offset by gains or profits from pools in other production areas, other than the pools for Valencia peanuts.

Section 108A(e) prohibits price support for any crop of peanuts for which poundage quotas have been disapproved by producers.

Section 806—Reports and records

Section 806, effective only for the 1991-1995 crop of peanuts, amends section 373(a) of the Agricultural Adjustment Act of 1938 to require all producers engaged in the production of peanuts o submit certain reports to the Secretary as may be requested.

Section 807—Suspension of certain price support provisions

Section 807 makes permanent price support provisions of section 101 of the Agricultural Act of 1949 inapplicable to the 1991-1995 crops of peanuts.

Section 808—Experimental and research programs for peanuts

Section 808, effective only for the 1991 through 1995 crops of peanuts, amends the Agricultural Adjustment Act of 1938 by adding a new section 358b. The new section 358b authorizes the Secretary to permit a portion of the poundage quota for peanuts apportioned to any State to be allocated from the State's quota reserve to land-grant colleges and universities including Tuskegee University and, where appropriate, the Agricultural Research Service of the Department of Agriculture to be used for experimental and research purposes in an amount equal to that amount of quota held by each such institution during 1985 up to one tenth of one percent of the State's basic quota.

Section 809—Conforming changes

Section 809 amends section 8b(b)(2) of the Agricultural Adjustment Act (7 U.S.C. 608b), reenacted with amendments by the Agricultural Marketing Agreement Act of 1937 by striking "section 108B of".

TITLE IX—WHEAT

Section 901.—Loan rates, target prices, disaster payments, acreage limitation program, and land diversion for the 1991 through 1995 crops of wheat

Section 901 amends section 107A of the Agricultural Act of 1949 (7 U.S.C. 1445b) by adding a new section 107A only for the 1991 through 1995 crops of wheat.

New section 107A(a), in paragraph (1), for each of the 1991 through 1995 crops of wheat, requires the Secretary to make available to producers loans and purchases at a level that the Secretary determines will maintain the competitive relationship of wheat to other grains in domestic and export markets after taking into consideration the cost of producing wheat, supply and demand conditions, and world prices for wheat. However, this loan and purchase level may be adjusted as provided in sections 107A(a)(2), 107A(a)(3), and 107A(a)(4).

New section 107A(a)(2), in subparagraph (A), establishes the loan and purchase level for the 1991 crop of wheat at a level not less than $1.93 per bushel from June 1, 1991 to September 30, 1991. Beginning October 1, 1991, the Secretary must make available to producers who pledged 1991 crop wheat as collateral for a price support loan, or whose 1991 crop wheat was purchased by the Secretary, at the $1.93 level an increase in the loan or purchase amount such that the loan and purchase level is equal to the level described in section 107A(a)(2)(B).[1]

New section 107A(a)(1), in subparagraph (B), establishes the loan and purchase level at a level not less than 85 percent of the simple average price received by producers of wheat, as determined by the Secretary, during the marketing years for the immediately preceding 5 crops of wheat, excluding the year in which the average price was the highest and the year in which the average price was the lowest in such period, except that the loan and purchase level may not be reduced by more than 5 percent from the level determined for the preceding crop. However, this loan and purchase level may be adjusted as provided in sections 107A(a)(1)(A), 107A(a)(3), and 107A(a)(4).[2]

New section 107A(a), in paragraph (3), authorizes the Secretary to reduce the loan and purchase level for wheat for the corresponding crop, if the Secretary estimates for any marketing year that the ratio of ending stocks of wheat to total use for the marketing year will be—

(1) equal to or greater than 30 percent, by an amount not to exceed 10 percent.

(2) less than 30 percent but not less than 15 percent, by an amount not to exceed 5 percent.

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[1] Current law contains no similar provision.

[2] Under current law, section 107A(a)(3) provides that for the 1990 crop of wheat, except as provided in section 107C(a)(4), the loan and purchase level shall not be less than 75 percent, nor more than 85 percent, of the simple average price received by producers of wheat, as determined by the Secretary, during the marketing years for the immediately preceding 5 crops of wheat, excluding the year in which the average price was the highest and the year in which the average price was the lowest in such period, except that the loan and purchase level for a crop may not be reduced by more than 5 percent from the level determined for the preceding crop.

The Secretary is prohibited from reducing the loan and purchase level, if the Secretary estimates that the ratio of ending stocks of wheat to total use for the corresponding crop will be less than 15 percent.

In addition, if the Secretary makes these adjustments to the level of loans and purchases for wheat—

(1) the Secretary must submit to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate a report that certifies the adjustment as necessary to prevent the build-up of stocks and to retain market share, and that contains a description of the need for this adjustment; and

(2) the adjustment becomes effective no earlier than 60 calendar days after the date of submission of the report to the committees.

However, if the Secretary determines, not later than 60 days prior to the beginning of a marketing year for a crop, that the effective loan rate established for a crop will not maintain a competitive market position for wheat, the Secretary may reduce the loan and purchase level for wheat for the marketing year by an amount not to exceed 5 percent in any year, in addition to any reduction under section 107A(a)(3)(A), notwithstanding other provisions of section 107A(a)(3)(A).

Any reduction in the loan and purchase level for wheat under section 107A(a)(3) will not be considered in determining the loan and purchase level for wheat for subsequent years.[3]

New section 107A(a), in paragraph (4), authorizes the Secretary to permit a producer to repay a loan made under section 107A(a)(1) for a crop at a level that is the lesser of—

(1) the loan level determined for such crop; or

(2) the higher of 70 percent of the loan level, or if the loan level for a crop was reduced under section 107A(a)(3), 70 percent of the loan level that would have been in effect but for this reduction, or the prevailing world market price for wheat, as determined by the Secretary.

In addition, if the Secretary permits a producer to repay a loan in accordance with 107A(a)(4)(A), the Secretary must prescribe by regulation—

(1) a formula to define the prevailing world market price for wheat; and

(2) a mechanism by which the Secretary will announce periodically the prevailing world market price for wheat. New section 107A, in paragraph (5), requires the Secretary in determining the simple average price received by producers for the immediately preceding marketing year to use the latest information available to the Secretary at the time of the determination.

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[3] Under current law, section 107D(a)(4) provides that if the Secretary determines that the average price received by producers for wheat in the previous marketing year was not more than 110 percent of the loan and purchase level for wheat for the marketing year or determines that this action is necessary to maintain a competitive market position for wheat, the Secretary may reduce the loan and purchase level for wheat for the marketing year by the amount (not more than 20 percent in any year) the Secretary determines necessary to maintain domestic and export markets for grain.

New section 107A, in subsection (b), authorizes the Secretary, for each of the 1991 through 1995 crops of wheat, to make payments available to producers who, although eligible to obtain a loan or purchase agreement under section 107A(a), agree to forgo obtaining any loan or agreement in return for the payments. These payments are computed by multiplying—

(1) the loan payment rate (The loan payment rate is the amount by which the loan level determined for the crop under section 107A(a), exceeds the level at which a loan may be repaid.); by

(2) the quantity of wheat the producer is eligible to place under loan (The quantity of wheat eligible to be placed under loan may not exceed the product obtained by multiplying the individual farm program acreage for the crop, by the farm program payment yield established for the farm.).

New section 107A(c)(1), in subparagraph (A), requires the Secretary to make available to producers payments (to be known as "deficiency payments") for each of the 1991 through 1995 crops of wheat in an amount computed by multiplying—

(1) the payment rate; by

(2) the individual farm program acreage for the crop; by

(3) the farm program payment yield for the crop for the farm.

New section 107A(c)(1), in subparagraph (B), provides that if an acreage limitation program under section 107A(f)(2) is in effect for a crop of wheat and the producers on a farm devote a portion of the permitted wheat acreage of the farm (as determined in accordance with section 107A(f)(2)(A)) equal to more than 8 percent of the permitted wheat acreage of the farm for the crop to conservation uses (except as provided in section 107A(c)(1)(G))—

(1) the portion of the permitted wheat acreage of the farm in excess of 8 percent of such acreage devoted to conservation uses (except as provided in section 107A(c)(1)(G)) will be considered to be planted to wheat for the purpose of determining the individual farm program acreage in accordance with section 107A(f)(2)(F) [4] and for the purpose of determining the acreage on the farm required to be devoted to conservation uses in accordance with section 107A(f)(2)(D) [5]; and

(2) the producers will be eligible for payments under section 107A(c)(1) on this acreage.

Notwithstanding any other provision of section 107A, any producer who elects to devote all or a portion of the permitted wheat acreage of the farm to conservation uses (or other uses as provided in section 107A(c)(1)(G)) under section 107A(c)(1)(B) will receive deficiency payments on the acreage that is considered to be planted to wheat and eligible for payments under section 107A(c)(1)(B) for the

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[4] Section 107A(f)(2)(F) provides that except as otherwise provided in sections 107A(c)(1)(B) and 107A(c)(1)(H), the individual farm program acreage will be the acreage planted on the farm to wheat for harvest within the permitted wheat acreage for the farm as established under section 107A(F)(2).

[5] Section 107A(f) (2) (D) requires a number of acres on a farm to be devoted to conservation uses (referred to as "reduced acreage"). This number is determind by dividing the product obtained by multiplying the number of acres required to be withdrawn from the production of wheat times the number of acres planted to the commodity, by the number of acres authorized to be planted to the commodity under the limitation established by the Secretary.

crop at a per-bushel rate established by the Secretary. However, this rate may not be established at less than the projected deficiency payment rate for the crop, as determined by the Secretary. The projected payment rate for the crop will be announced by the Secretary prior to the period during which wheat producers may agree to participate in the program for such crop.

The Secretary must implement section 107A(c)(1)(B) in such a manner as to minimize the adverse effect on agribusiness and other agriculturally related economic interests within any county, State, or region. In addition, the Secretary is authorized to restrict the total amount of wheat acreage that may be taken out of production under section 107A(c)(1)(B) taking into consideration the total amount of wheat acreage that has or will be removed from production under other price support, production adjustment, or conservation program activities. However, no restrictions on the amount of acreage that may be taken out of production in a crop year will be imposed in the case of a county in which producers were eligible to receive disaster emergency loans under section 321 of the Consolidated Farm and Rural Development Act (7 U.S.C. 1961) as a result of a disaster that occurred during the crop year.

The wheat crop acreage base and wheat farm program payment yield of the farm will not be reduced due to the fact that a portion of the permitted acreage of the farm was devoted to conserving uses (except as provided in section 107A(c)(1)(G)). Payments may not be made under section 107A(c)(1) for any crop on a greater acreage than the acreage actually planted to wheat, other than as provided in sections 107A(c)(1)(B)(i), 107A(c)(1)(B)(ii), 107A(c)(1)(B)(iii), and 107A(c)(1)(B)(iv).

Any acreage considered to be planted to wheat in accordance with section 107A(c)(1)(B)(i) may not also be designated as conservation use acreage for the purpose of fulfilling any provisions under any acreage limitation, set-aside, or land diversion program requiring that the producers devote a specified acreage to conservation uses.

New section 107A(c)(1), in subparagraph (C), provides that the payment rate for wheat will be the amount by which the established price for the crop of wheat exceeds the higher of—

(1) the national weighted average market price received by producers during the first 6 months of the marketing year for such crop, as determined by the Secretary [6]; or

(2) the loan level determined for such crop, prior to any adjustment made under section 107A(a)(3) for the marketing year for that crop of wheat.

New section 107A(c)(1), in subparagraph (D), requires the Secretary, if the Secretary adjusts the level of loans and purchases for wheat under section 107A(a)(3), to provide emergency compensation by increasing the deficiency payments for wheat by an amount that the Secretary determines is necessary to provide the same

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[6] Under current law, section 107D(c) (1) (D) (ii) provides that the payment rate for wheat will be the amount by which the established price for the crop of wheat exceeds the higher of the national weighted average market price received by producers during the first 5 months of the marketing year for such crop, as determined by the Secretary, or the loan level determined for such crop, prior to any adjustment made under section 107D(a) (4) for the marketing year for such crop of wheat.

total return to producers as if the adjustment in the level of loans and purchases had not been made. In determining the payment rate, per bushel, for payments for a crop of wheat under section 107A(c)(1)(D), the Secretary must use the national weighted average market price, per bushel of wheat, received by producers during the marketing year for the crop, as determined by the Secretary.

In addition, new section 107A(c)(1)(D) notwithstanding any other provision of the Agricultural Act of 1949 the Secretary must—

(1) by December 1 of the marketing year for the crop estimate the national weighted average market price, per bushel of wheat, received by producers during that marketing year;

(2) by December 15 of that marketing year use the estimate to make available to producers who have elected this payment option not less than 75 percent of the increase in payments estimated to be payable with respect to the crop; and

(3) adjust the amount of each final payment for wheat to reflect any difference between the amount of any estimated payment made under section 107A(c)(1)(D)(iii) and the amount of actual payment due under section 107A(c)(1)(D).

Producers must elect the this payment option at the time of entering into a contract to participate in the program established by section 107A for the crop.

New section 107A(c)(1), in subparagraph (E), requires the established price for wheat to not be less than $4 per bushel.

In addition, if the Secretary in any crop year announces an acreage limitation program under section 107A(f)(2) or a set-aside program under section 107A(f)(3) for farms in excess of 7.5 percent (10 percent in the case of the 1994 and 1995 crops), then the established price for that crop will be increased by an amount not less than 2.55 percent of the established price for that crop for each 2.5 percent incremental increase of the percentage reduction or set aside in excess of 7.5 percent (10 percent in the case of the 1994 and 1995 crops).

New section 107A(c)(1), in subparagraph (F), provides that the total quantity of wheat on which payments would otherwise be payable to a producer on a farm for any crop under section 107A(c)(1) will be reduced by the quantity on which any disaster payment is made to the producer for the crop under section 107A(c)(2).

New section 107A(c)(1), in subparagraph (G), authorizes the Secretary to permit, subject to such terms and conditions as the Secretary may prescribe, all or any part of acreage otherwise required to be devoted to conservation uses as a condition of qualifying for payments under section 107A(c)(1)(B) to be devoted to sweet sorghum or the production of guar, sesame, safflower, sunflower, castor beans, mustard seed, crambe, plantago ovato, flaxseed, triticale, rye, commodities for which no substantial domestic production or market exists but that could yield industrial raw material being imported, or likely to be imported, into the United States, or commodities grown for experimental purposes (including kenaf). However, the Secretary may permit this acreage to be devoted to this production only if the Secretary determines that—

(1) the production is not likely to increase the cost of the price support program and will not affect farm income adversely; and

(2) the production is needed to provide an adequate supply of the commodity, or, in the case of commodities for which no substantial domestic production or market exists but that could yield industrial raw materials, the production is needed to encourage domestic manufacture of such raw material and could lead to increased industrial use of such raw material to the long-term benefit of United States industry.

It is the Committee's intent that the Secretary consider the cost of operating the marketing loan program for safflower, sunflower, rapeseed, mustard seed, and flaxseed when considering whether the production of such commodities is likely to increase the cost of the price support program.

New section 107A(c)(1), in subparagraph (H), if an acreage limitation program under section 107A(f)(2) is in effect for a crop of wheat and the producers on a farm devote a portion of the permitted wheat acreage of the farm (as determined in accordance with section 107A(f)(2)(A)) to conservation uses (not to exceed 10 percent of the crop acreage base of the farm), the producers will be eligible for an increase of up to one percent in the established price of wheat, on the acreage on the farm actually planted to wheat, for each one percent of the permitted wheat acreage of the farm devoted to conservation uses. However, the increase in the established price can not result in a producer receiving more in payments than the maximum amount that the producer would be eligible to receive under section 107A(c)(1)(B). In addition, the wheat crop acreage base and the wheat farm program payment yield for the farm will not be reduced due to the fact that this portion of the permitted acreage of the farm was devoted to conserving uses.

New section 107A(c), in paragraph (2), requires the Secretary, if the Secretary determines that the producers on a farm are prevented from planting any portion of the acreage intended for wheat to wheat or other nonconserving crops because of drought, flood, or other natural disaster, or other condition beyond the control of the producers, to make a prevented planting disaster payment (in the form of cash or from stocks of wheat held by the Commodity Credit Corporation) to the producers in an amount equal to the product obtained by multiplying—

(1) the number of acres so affected but not to exceed the acreage planted to wheat for harvest (including any acreage that the producers were prevented from planting to wheat or other nonconserving crops in lieu of wheat because of drought, flood, or other natural disaster, or other condition beyond the control of the producers) in the immediately preceding year; by

(2) 75 percent of the farm program payment yield established by the Secretary; by

(3) a payment rate equal to 33⅓ percent of the average of the established prices for the crop.

However, producers on a farm shall not be eligible for these prevented planting disaster payments if prevented planting crop insurance is available to the producers under the Federal Crop Insur-

ance Act (7 U.S.C. 1501 et seq.) with respect to the wheat acreage of the producers.

In addition, new section 107A(c)(2), requires the Secretary, if the Secretary determines that because of drought, flood, or other natural disaster, or other condition beyond the control of the producers, the total quantity of wheat that the producers are able to harvest on any farm is less than the result of multiplying 60 percent of the farm program payment yield established by the Secretary for such crop by the acreage planted for harvest for such crop, to make a reduced yield disaster payment to the producers at a rate equal to 50 percent of the established price for the crop for the deficiency in production below 60 percent for the crop. However, producers on a farm are not eligible for these reduced yield disaster payments, if reduced yield crop insurance is available to the producers under the Federal Crop Insurance Act with respect to the wheat acreage of the producers.

However, regardless of whether prevented planting crop insurance or reduced yield crop insurance is available to producers, the Secretary may make a disaster payment to producers on a farm if the Secretary determines that—

(1) as the result of drought, flood, or other natural disaster, or other condition beyond the control of the producers, the producers on a farm have suffered substantial losses of production either from being prevented from planting wheat or other nonconserving crops or from reduced yields;

(2) such losses have created an economic emergency for the producers;

(3) crop insurance indemnity payments under the Federal Crop Insurance Act (7 U.S.C. 1501 et seq.) and other forms of assistance made available by the Federal Government to such producers for such losses are insufficient to alleviate such economic emergency; and

(4) additional assistance must be made available to such producers to alleviate such economic emergency.

The Secretary is authorized to make any adjustments in the amount of these payments with respect to an individual farm so as to assure the equitable allotment of such payments among producers, taking into account other forms of Federal disaster assistance provided to the producers for the crop involved.

New section 107A(d)(1), in subparagraph (A), requires the Secretary, except for a crop with respect to which there is an acreage limitation program in effect under 107A(f), to proclaim a national program acreage. This proclamation will be made not later than June 1 of each calendar year for the crop harvested in the next succeeding calendar year.

New section 107A(d)(1), in subparagraph (B), allows the Secretary to revise the national program acreage first proclaimed for any crop year for the purpose of determining the allocation factor if the Secretary determines it necessary based on the latest information. The Secretary must proclaim this revised national program acreage as soon as the revision is made.

New section 107A(d)(1), in subparagraph (C), establishes the national program acreage for wheat to be the number of harvested acres that the Secretary determines (on the basis of the weighted

national average of the farm program payment yields for the crop for which the determination is made) will produce the quantity (less imports) that the Secretary estimates will be utilized domestically and for export during the marketing year for the crop.

New section 107A(d)(1), in subparagraph (D), authorizes the Secretary, if the Secretary determines that carryover stocks of wheat are excessive or an increase in stocks is needed to assure desirable carryover, to adjust the national program acreage by the quantity the Secretary determines will accomplish the desired increase or decrease in carryover stocks.

New section 107A(d), in paragraph (2), requires the Secretary to determine a program allocation factor for each crop of wheat, if the Secretary proclaims a national program acreage for such crop. The allocation factor for wheat will be determined by dividing the national program acreage for the crop by the number of acres that the Secretary estimates will be harvested for such crop. However, the allocation factor for any crop of wheat may not be more than 100 percent nor less than 80 percent.

New section 107A(d)(3), in subparagraph (A), provides that the individual farm program acreage for each crop of wheat will be determined by multiplying the allocation factor by the acreage of wheat planted for harvest on the farms for which individual farm program acreages are required to be determined, except as provided in section 107A(f)(2).

New section 107A(d)(3), in subparagraph (B), provides that the individual farm program acreage will not be further reduced by application of the allocation factor if the producers on a farm reduce the acreage of wheat planted for harvest on the farm from the crop acreage base established for the farm under title V by at least the percentage recommended by the Secretary in the proclamation of the national program acreage.

New section 107A(d)(3), in subparagraph (C), requires the Secretary to provide fair and equitable treatment for producers on farms on which the acreage of wheat planted for harvest is less than the crop acreage base established for the farm under title V, but for which the reduction is insufficient to exempt the farm from the application of the allocation factor.

New section 107A(d)(3), in subparagraph (D), authorizes the Secretary, in establishing the allocation factor for wheat, to make any adjustment that the Secretary deems necessary to take into account the extent of exemption of farms under the foregoing provisions of this paragraph.

New section 107A, in subsection (e), provides that the farm program payment yields for farms for each crop of wheat will be determined under title V.

New section 107A(f)(1), in subparagraph (A), authorizes the Secretary to provide either an acreage limitation program as described in section 107A(f)(2) or a set-aside program as described in section 107A(f)(2)—

(1) notwithstanding any other provision of the Agricultural Act of 1949,

(2) except as provided in sections 107A(f)(1)(B) and 107A(f)(1)(C),

(3) if the Secretary determines (taking into consideration the number of acres placed in the conservation acreage reserve established under section 1231 of the Food Security Act of 1985 (16 U.S.C. 3831)) that the total supply of wheat, in the absence of an acreage limitation or set-aside program, will be excessive taking into account the need for an adequate carryover to maintain reasonable and stable supplies and prices and to meet a national emergency, the Secretary may provide for any crop of wheat either an acreage limitation program or a set-aside program.

If the Secretary elects to put either of these programs into effect for any crop year, the Secretary must announce any of these programs not later than June 1 prior to the calendar year in which the crop is harvested. However, the Secretary is allowed to make adjustments in the announcement, not later than July 31 of the year previous to the year in which the crop is harvested, if the Secretary determines that there has been a significant change in the total supply of wheat since the program was first announced.

New section 107A(f)(1), in subparagraph (B), in the case of each of the 1991 through 1995 crops of wheat, if the Secretary estimates for a marketing year for the crop that the ratio of ending stocks of wheat to total use of wheat for the marketing year will be—

(1) more than 40 percent, requires the Secretary to provide for an acreage limitation program (as described in 107A(f)(2)) under which the acreage planted to wheat for harvest on a farm would be limited to the wheat crop acreage base for the farm for the crop reduced by not less than 20 percent nor more than 30 percent; or

(2) equal to or less than 40 percent, authorizes the Secretary to provide for an acreage limitation program under which the acreage planted to wheat for harvest on a farm would be limited to the wheat crop acreage base for the farm for the crop reduced by not more than 20 percent.

New section 107A(f)(1), in subparagraph (C), requires producers on a farm, except as provided in section 107A(g), to comply with the terms and conditions of the acreage limitation program and, if applicable, any land diversion program, as a condition of eligibility for loans, purchases, and payments for any crop of wheat.

New section 107A(f)(2), in subparagraph (A), requires that if a wheat acreage limitation program is announced under section 107A(f)(1), the limitation will be achieved by applying a uniform percentage reduction to the wheat crop acreage base for the crop for each wheat-producing farm.

New section 107A(f)(2), in subparagraph (B), makes ineligible producers who knowingly produce wheat in excess of the permitted wheat acreage for the farm for wheat loans, purchases, and payments with respect to that farm, except as provided in section 107A(g).

New section 107A(f)(2), in subparagraph (C), provides that wheat crop acreage bases for each crop of wheat will be determined under title V.

New section 107A(f)(2), in subparagraph (D), requires a number of acres on the farm to be devoted to conservation uses, in accordance

with regulations issued by the Secretary. The number of acres (referred to as "reduced acreage") is determined by dividing—

(1) the product obtained by multiplying the number of acres required to be withdrawn from the production of wheat times the number of acres planted to such commodity; by

(2) the number of acres authorized to be planted to such commodity under the limitation established by the Secretary.

New section 107A(f)(2), in subparagraph (E), provides that if an acreage limitation program is announced under section 107A(f)(1) for a crop of wheat, section 107A(d) will not be applicable to that crop, including any prior announcement that may have been made with respect to the crop.

New section 107A(f)(2), in subparagraph (F), establishes the individual farm program acreage to be the acreage planted on the farm to wheat for harvest within the permitted wheat acreage for the farm, except as otherwise provided in sections 107A(c)(1)(B) and 107A(c)(1)(H).

New section 107A(f)(3), in subparagraph (A), requires producers on a farm, if a set-aside program is announced under section 107A(f)(1), as a condition of eligibility for loans, purchases, and payments for wheat authorized by the Agricultural Act of 1949 (except as provided in section 107A(g)), to—

(1) set aside and devote to conservation uses an acreage of cropland equal to a specified percentage, as determined by the Secretary, of the acreage of wheat planted for harvest for the crop for which the set-aside is in effect; and

(2) otherwise comply with the terms of such program.

New section 107A(f)(3), in subparagraph (B), requires the set-aside acreage to be devoted to conservation uses, in accordance with regulations issued by the Secretary.

New section 107A(f)(3), in subparagraph (C), authorizes the Secretary, if a set-aside program is established, to limit the acreage planted to wheat. The limitation will be applied on a uniform basis to all wheat-producing farms.

New section 107A(f)(3), in subparagraph (D), authorizes the Secretary to make any adjustments in individual set-aside acreages under section 107A(f)(3), that the Secretary determines necessary—

(1) to correct for abnormal factors affecting production; and

(2) to give due consideration to tillable acreage, crop-rotation practices, types of soil, soil and water conservation measures, topography, and any other factors that the Secretary determines necessary.

New section 107A(f)(4), in subparagraph (A), requires the regulations issued by the Secretary under sections 107A(f)(2) and 107A(f)(3) with respect to acreage required to be devoted to conservation uses must assure protection of this acreage from weeds and wind and water erosion.

New section 107A(f)(4), in subparagraph (B), authorizes the Secretary to permit, subject to any terms and conditions that the Secretary may prescribe, all or any part of such acreage to be devoted to sweet sorghum, or the production of guar, sesame, safflower, sunflower, castor beans, mustard seed, crambe, plantago ovato, flaxseed, triticale, rye, or other commodity, if the Secretary determines that this production is needed to provide an adequate supply of

these commodities, is not likely to increase the cost of the price support program, and will not affect farm income adversely.

New section 107A(f)(4), in subparagraph (C), provides that haying and grazing of acreage designated as conservation use acreage for the purpose of meeting any requirements established under an acreage limitation program (including a program conducted under sections 107A(c)(1)(B) or 107A(c)(1)(H)), set-aside program, or land diversion program established will be permitted, except during any consecutive 5-month period (established during the period beginning April 1, and ending October 31, of a year) that is established by the State committee established under section 8(b) of the Soil Conservation and Domestic Allotment Act (16 U.S.C. 590h(b)) for a State. However, in the case of a natural disaster, the Secretary may permit unlimited haying and grazing on such acreage.

New section 107A(f)(4), in subparagraph (D), requires the Secretary, in determining the quantity of land to be devoted to conservation uses under an acreage limitation or set-aside program with respect to land that has been farmed under summer fallow practices, as defined by the Secretary, to consider the effects of soil erosion and any other factors that the Secretary considers appropriate.

New section 107A(f)(5) in subparagraph (A), authorizes the Secretary to make land diversion payments to producers of wheat, whether or not an acreage limitation or set-aside program for wheat is in effect, if the Secretary determines that these land diversion payments are necessary to assist in adjusting the total national acreage of wheat to desirable goals. The land diversion payments will be made to producers who, to the extent prescribed by the Secretary, devote to approved conservation uses an acreage of cropland on the farm in accordance with land diversion contracts entered into by the Secretary with the producers.

New section 107A(f)(5), in subparagraph (B), provides that the amounts payable to producers under land diversion contracts may be determined through the submission of bids for the contracts by producers in a manner that the Secretary may prescribe or through any other means that the Secretary determines appropriate. In determining the acceptability of contract offers, the Secretary must take into consideration the extent of the diversion to be undertaken by the producers and the productivity of the acreage diverted.

New section 107A(f)(5), in subparagraph (C), requires the Secretary to limit the total acreage to be diverted under agreements in any county so as not to affect adversely the economy of the county.

New section 107A(f)(6), in subparagraphs (A) and (B), provides that any reduced acreage, set-aside acreage, and additional diverted acreage may be devoted to wildlife food plots or wildlife habitat in conformity with standards established by the Secretary in consultation with wildlife agencies. The Secretary may pay an appropriate share of the cost of these practices.

New section 107A(f)(6), in subparagraph (C), authorizes the Secretary to also pay an appropriate share of the cost of approved soil and water conservation practices (including practices that may be effective for a number of years) established by the producer on reduced acreage, set-aside acreage, or additional diverted acreage.

New section 107A(f)(6), in subparagraph (D), authorizes the Secretary to provide for an additional payment on this acreage in an amount determined by the Secretary to be appropriate in relation to the benefit to the general public if the producer agrees to permit, without other compensation, access to all or a portion of the farm, that the Secretary may prescribe, by the general public, for hunting, trapping, fishing, and hiking, subject to applicable State and Federal regulations.

New section 107A(f)(7) in subparagraph (A), requires an operator of a farm desiring to participate in the program conducted under 107A(f) to execute an agreement with the Secretary providing for participation not later than the date that the Secretary may prescribe. However, the Secretary may, by mutual agreement with producers on a farm, terminate or modify any such agreement if the Secretary determines that this action is necessary because of an emergency created by drought or other disaster or to prevent or alleviate a shortage in the supply of agricultural commodities.

New section 107A(f), in paragraph (8), authorizes the Secretary, in carrying out the program conducted under section 107A(f), to prescribe production targets for participating farms expressed in bushels of production so that all participating farms achieve the same pro rata reduction in production as prescribed by the national production targets, notwithstanding the foregoing provisions of section 107A(f).

New section 107A(f), in paragraph (9), in any crop year that the Secretary determines that projected domestic production of oats will not fulfill the projected domestic demand for oats, notwithstanding the foregoing provisions of section 107A(f)—

(1) requires the Secretary to provide that any reduced acreage and set-aside acreage may be planted to oats for harvest (However, if the Secretary estimates that oats planted to this acreage will result in projected domestic production of oats exceeding the projected domestic demand of oats, the Secretary must limit, by applying a uniform percentage reduction to the acreage for each farm, the amount of the acreage that producers may plant to oats to an amount that will result in projected domestic production fulfilling projected domestic demand.

(2) authorizes the Secretary to make program benefits (including, but not limited to, loans, purchases, and payments) available under the annual program for oats under section 105A available to producers with respect to acreage planted to oats under this paragraph; and

(3) prohibits the Secretary from making program benefits other than those benefits specified, available to producers with respect to acreage planted to oats.

New section 107A(g), in paragraph (1), authorizes the Secretary for each of the 1991 through 1995 crops of wheat, to make payments available to producers who—

(1) agree to forgo obtaining a loan or purchase agreement under section 107A(a);

(2) agree to forgo receiving payments under section 107A(c);

(3) do not plant wheat for harvest in excess of the crop acreage base reduced by one-half of any acreage required to be diverted from production under section 107A(f); and

(4) otherwise complies with section 107A.

These payments will be—

(1) made in the form of wheat owned by the Commodity Credit Corporation;

(2) subject to the availability of such wheat; and

(3) determined in the same manner as provided in section 107A(b).

In addition, the quantity of wheat to be made available to a producer will be equal in value to the payments so determined.

New section 107A(g), in paragraph (2), authorizes the Secretary to permit producers on a farm to plant wheat on a portion of the acreage otherwise required to be devoted to conservation uses under section 107A(f) if the producers agree to a corresponding reduction, on an acre-for-acre basis, in the farm program acreage used to compute deficiency payments.

If the Secretary exercises this authority then the Secretary must implement this provision in such a manner that no greater outlays from the Commodity Credit Corporation result from its implementation. In addition, the wheat crop acreage base and the wheat farm program payment yield for the farm may not be increased or reduced due to the fact that such portion of the conserving use acres for the farm was planted to wheat.

New section 107A(h), in paragraph (1), authorizes the Secretary—

(1) if the failure of a producer to comply fully with the terms and conditions of the program conducted under section 107A precludes the making of loans, purchases, and payments, nevertheless, to make such loans, purchases, and payments in such amounts as the Secretary determines are equitable in relation to the seriousness of the failure; and

(2) to consider whether the producer made a good faith effort to comply fully with the terms and conditions of such program in determining whether equitable relief is warranted.

New section 107A(h), in paragraph (2), authorizes the Secretary to authorize the county and State committees established under section 8(b) of the Soil Conservation and Domestic Allotment Act (16 U.S.C. 590h(b)) to waive or modify deadlines and other program requirements in cases in which lateness or failure to meet such other requirements does not affect adversely the operation of the program.

New section 107A, in subsection (i), authorizes the Secretary to issue such regulations that the Secretary determines necessary to carry out section 107A.

New section 107A, in subsection (j), requires the Secretary to carry out the program authorized by section 107A through the Commodity Credit Corporation.

New section 107A, in subsection (k), provides that the provisions of section 8(g) of the Soil Conservation and Domestic Allotment Act (16 U.S.C. 590h(g)) (relating to assignment of payments) will apply to payments under section 107A.

New section 107A, in subsection (l), requires the Secretary to provide for the sharing of payments made under section 107A for any farm among the producers on the farm on a fair and equitable basis.

New section 107A, in subsection (m), requires the Secretary to provide adequate safeguards to protect the interests of tenants and sharecroppers.

New section 107A(n), in paragraph (1), provides that compliance on a farm with the terms and conditions of any other commodity program, or compliance with crop acreage base requirements for any other commodity, can not be required as a condition of eligibility for loans or payments under section 107A. However, if a producer on a farm is participating in the wheat program, the crop acreage base for any other commodity for the farm may not be increased if that commodity is produced on the farm in a manner that is not in compliance with—

(1) the terms and conditions of the applicable commodity program for that commodity; or

(2) the crop acreage base requirements of the applicable commodity program for such commodity.

New section 107A(n), in paragraph (2), prohibits the Secretary from requiring producers on a farm, as a condition of eligibility for loans, purchases, or payments under section 107A for the farm, to comply with the terms and conditions of the wheat program with respect to any other farm operated by the producers.

Section 902.—Nonapplicability of certificate requirements

Section 902 provides that sections 379d, 379e, 379f, 379g, 379h, 379i, and 379j of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1379d-1379j) (relating to marketing certificate requirements for processors and exporters) will not be applicable to wheat processors or exporters during the period June 1, 1991, through May 31, 1996.

Section 903.—Suspension of land use, wheat marketing allocation, and producer certificate provisions

Section 903 provides that sections 331, 332, 333, 334, 335, 336, 338, 339, 379b, and 379c of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1331-1336, 1338, 1339, 1379b, and 1379c) will not be applicable to the 1991 through 1995 crops of wheat.

Section 904.—Suspension of certain quota provisions

Section 904 provides that the joint resolution entitled "A joint resolution relating to corn and wheat marketing quotas under the Agricultural Adjustment Act of 1938, as amended", approved May 26, 1941 (7 U.S.C. 1330 and 1340), will not be applicable to the crops of wheat planted for harvest in the calendar years 1991 through 1995.

Section 905.—Nonapplicability of section 107 of the Agricultural Act of 1949 to the 1991 through 1995 crops of wheat

Section 905 provides that section 107 of the Agricultural Act of 1949 (7 U.S.C. 1445a) will not be applicable to the 1991 through 1995 crops of wheat.

TITLE X—FEED GRAINS

Section 1001—Loan rates, target prices, disaster payments, acreage limitation program, and land diversion for the 1991 through 1995 crops of feed grains

Section 1001 amends section 105A of the Agricultural Act of 1949 (7 U.S.C. 1444c) by adding a new section 105A only for the 1991 through 1995 crops of feed grains.

New section 105A(a), in paragraph (1), for each of the 1991 through 1995 crops of corn, requires the Secretary to make available to producers loans and purchases at a level that the Secretary determines will encourage the exportation of feed grains and not result in excessive total stocks of feed grains after taking into consideration the cost of producing corn, supply and demand conditions, and world prices for corn. However, this loan and purchase level may be adjusted as provided in sections 105A(a)(2), 105A(a)(3), and 105A(a)(4).

New section 105A(a), in paragraph (2), requires the loan and purchase level in section 105A(a)(1) to be not less than 85 percent of the simple average price received by producers of corn, as determined by the Secretary, during the marketing years for the immediately preceding 5 crops of corn, excluding the year in which the average price was the highest and the year in which the average price was the lowest in such period, except that the loan and purchase level may not be reduced by more than 5 percent from the level determined for the preceding crop. However, this loan and purchase level may be further adjusted as provided in sections 105A(a)(3) and 105A(a)(4).[1]

New section 105A(a), in paragraph (3), authorizes the Secretary to reduce the loan and purchase level for corn for the marketing year, if the Secretary estimates for any marketing year that the ratio of ending stocks of corn to total use for the marketing year will be—

(1) equal to or greater than 25 percent, by an amount not to exceed 10 percent in any year; and

(2) less than 25 percent but not less than 12.5 percent, by an amount not to exceed 5 percent in any year.

The Secretary is prohibited from reducing the loan and purchase level, if the Secretary estimates that the ratio of ending stocks of corn to total use for the marketing year will be less than 12.5 percent.

In addition, if the Secretary makes these adjustments to the level of loans and purchases for corn,

(1) the Secretary must submit to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate a report that certifies the adjustment is necessary to prevent the build-

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[1] Under current law, section 105C(a)(2) provides that for the 1990 crop of corn, except as provided in section 105C(a)(3), the loan and purchase level shall not be less than 75 percent, nor more than 85 percent, of the simple average price received by producers of corn, as determined by the Secretary, during the marketing years for the immediately preceding 5 crops of corn, excluding the year in which the average price was the highest and the year in which the average price was the lowest in such period, except that the loan and purchase level for a crop may not be reduced by more than 5 percent from the level determined for the preceding crop.

up of stocks and to retain market share, and that contains a description of the need for the adjustment; and

(2) the adjustment becomes effective no earlier than 60 calendar days after the date of submission of the report.

However, if the Secretary determines, not later than 60 days prior to the beginning of a marketing year for a crop, that the effective loan rate established for a crop will not maintain a competitive market position for corn, the Secretary may reduce the loan and purchase level for corn for the marketing year by an additional amount not to exceed 5 percent in any year, notwithstanding section 105A(a)(3)(A).

Any reduction in the loan and purchase level for corn under section 105A(a)(3) will not be considered in determining the loan and purchase level for corn for subsequent years.[2]

New section 105A(a), in paragraph (4), authorizes the Secretary to permit a producer to repay a loan made under sections 105A(a)(1) or 105A(a)(6) for a crop at a level that is the lesser of—

(1) the loan level determined for the crop; or

(2) the higher of 70 percent of the loan level for the crop, or 70 percent of the loan level that would have been in effect but for the reduction under section 105A(a)(3) (if the loan level for the crop was reduced under section 105A(a)(3)), or the prevailing world market price for feed grains, as determined by the Secretary.

In addition, if the Secretary permits a producer to repay a loan in accordance with section 105A(a)(4)(A), the Secretary must prescribe by regulation—

(1) a formula to define the prevailing world market price for feed grains; and

(2) a mechanism by which the Secretary will announce periodically the prevailing world market price for feed grains.

New section 105A(a), in paragraph (5), requires the Secretary in determining the simple average price received by producers for the immediately preceding marketing year to use the latest information available to the Secretary at the time of the determination.

New section 105A(a), in paragraph (6), requires the Secretary to make available to producers loans and purchases for each of the 1991 through 1995 crops of grain sorghum, barley, oats, and rye, respectively, at the level that the Secretary determines is fair and reasonable in relation to the level that loans and purchases are made available for corn, taking into consideration the feeding value of the commodity in relation to corn and other factors specified in section 401(b).[3]

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[2] Under current law, section 105C(a)(3) authorizes the Secretary for the 1990 crop of corn, if the Secretary determines that the average price received by producers for corn in the previous marketing year was not more than 100 percent of the loan and purchase level for corn for such marketing year or determines that such action is necessary to maintain a competitive market position for feed grains, to reduce the loan and purchase level for corn for the marketing year by the amount, not to exceed more than 20 percent in any year, the Secretary determines necessary to maintain domestic and export markets for grain.

[3] Section 401(b) specifies the following factors; (1) the supply of the commodity in relation to the demand therefor, (2) the price levels at which other commodities are being supported and, in the case of feed grains, the feed values of such grains in relation to corn, (3) the availability of funds, (4) the perishability of the commodity, (5) the importance of the commodity to agriculture and the national economy, (6) the ability to dispose of stocks acquired through a price-support

Continued

New section 105A, in subsection (b), authorizes the Secretary, for each of the 1991 through 1995 crops of corn, grain sorghum, barley, oats, and rye, to make payments available to producers who, although eligible to obtain a loan or purchase agreement under section 105A(a), agree to forgo obtaining such loan or agreement in return for such payments. This payment is computed by multiplying—

(1) the loan payment rate (the loan payment rate is the amount by which the loan level determined for such crop under section 105A(a) exceeds the level at which the loan may be repaid); by

(2) the quantity of such feed grains the producer is eligible to place under loan (the quantity of feed grains eligible to be placed under loan is an amount that does not exceed the product obtained by multiplying the individual farm program acreage for the crop by the farm program payment yield established for the farm).

New section 105A(c)(1), in subparagraph (A), requires the Secretary to make available to producers payments (to be known as "deficiency payments") for each of the 1991 through 1995 crops of corn, grain sorghum, oats, and barley in an amount computed by multiplying—

(1) the payment rate; by

(2) the individual farm program acreage for the crop; by

(3) the farm program payment yield for the crop for the farm.

New section 105A(C)(1), in subparagraph (B), provides that if an acreage limitation program under section 105A(f)(2) is in effect for a crop of feed grains and the producers on a farm devote a portion of the permitted feed grain acreage of the farm (as determined in accordance with section 105A(f)(2)(A)) equal to more than 8 percent of the permitted feed grain acreage of the farm for the crop to conservation uses (except as provided in section 105A(c)(1)(H))—

(1) the portion of the permitted feed grain acreage of the farm in excess of 8 percent of the acreage devoted to conservation uses (except as provided in section 105A(c)(1)(H)) will be considered to be planted to feed grains for the purpose of determining the individual farm program acreage in accordance with section 105A(f)(2)(G) [4] and for the purpose of determining the acreage on the farm required to be devoted to conservation uses in accordance with section 105A(f)(2)(E); [5] and

(2) the producers will be eligible for payments under section 105A(c)(1) on this acreage.

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operation, (7) the need for offsetting temporary losses of export markets, (8) the ability and willingness of producers to keep supplies in line with demand, and (9) in the case of upland cotton, changes in the cost of producing such cotton.

[4] Section 105A(f)(2)(G) provides that except as otherwise provided in section 105A(c)(1)(B) and 105A(c)(1)(I), the individual farm program acreage will be the acreage planted on the farm to feed grains for harvest within the permitted feed grain acreage for the farm as established under section 105A(f)(2).

[5] Section 105A(f)(2)(E) provides that a number of acres on the farm must be devoted to conservation uses (referred to as "reduced acreage"). The number of acres is determined by dividing the product obtained by multiplying the number of acres required to be withdrawn from the production of feed grains times the number of acres planted to such commodity, by the number of acres authorized to be planted to the commodity under the limitation established by the Secretary.

Notwithstanding any other provision of section 105A, any producer who elects to devote all or a portion of the permitted feed grain acreage of the farm to conservation uses (or other uses as provided in section 105A(C)(1)(H)) under section 105A(c)(1)(B) will receive deficiency payments on the acreage that is considered to be planted to feed grains and eligible for payments under section 105A(c)(1)(B) for the crop at a per-bushel rate established by the Secretary. However, this rate may not be established at less than the projected deficiency payment rate for the crop, as determined by the Secretary. The projected payment rate for the crop must be announced by the Secretary prior to the period during which feed grain producers may agree to participate in the program for the crop. The Secretary must implement section 105A(c)(1)(B) in such a manner as to minimize the adverse effect on agribusiness and other agriculturally related economic interests within any county, State, or region. In addition, the Secretary is authorized to restrict the total amount of feed grain acreage that may be taken out of production under section 105A(c)(1)(B), taking into consideration the total amount of feed grain acreage that has or will be removed from production under other price support, production adjustment, or conservation program activities. However, no restrictions on the amount of acreage that may be taken out of production under section 105A(c)(1)(B) in a crop year will be imposed in the case of a county in which producers were eligible to receive disaster emergency loans under section 321 of the Consolidated Farm and Rural Development Act (7 U.S.C. 1961) as a result of a disaster that occurred during the crop year.

The feed grain crop acreage base and feed grain program payment yield of the farm will not be reduced due to the fact that the portion of the permitted acreage of the farm was devoted to conserving uses (except as provided in section 105A(c)(1)(H)). Payments may not be made under section 105A(c)(1) for any crop on a greater acreage than the acreage actually planted to feed grains, other than as provided in sections 105A(c)(1)(B)(i), 105A(c)(1)(B)(ii), 105A(c)(1)(B)(iii), 105A(c)(1)(B)(iv).

Any acreage considered to be planted to feed grains in accordance with section 105A(c)(1)(B)(i) may not also be designated as conservation use acreage for the purpose of fulfilling any provisions under any acreage limitation, set-aside, or land diversion program requiring that the producers devote a specified acreage to conservation uses.

New section 105A(c)(1), in subparagraph (C), provides that the payment rate for each crop of feed grains will be the amount by which the established price for the crop of feed grains exceeds the higher of—

(1) the national weighted average market price received by producers (in the case of barley, the national weighted average market price received by producers of barley sold primarily for feed purposes) during the first 6 months of the marketing year for the crop, as determined by the Secretary; or

(2) the loan level determined for the crop, prior to any adjustment made under section 105A(a)(3) for the marketing year.

New section 105A(c)(1), in subparagraph (D), requires the Secretary, if the Secretary adjusts the level of loans and purchases for feed grains under section 105A(a)(3), to provide emergency compensation by increasing the deficiency payments for feed grains by an amount that the Secretary determines will provide the same total return to producers as if the adjustment in the level of loans and purchases had not been made. In determining the payment rate, per bushel, for deficiency payments for a crop of feed grains under section 105A(c)(1)(D), the Secretary must use the national weighted average market price, per bushel of the crop of feed grains, received by producers (in the case of barley, the national weighted average market price received by producers of barley sold primarily for feed purposes) during the marketing year for the crop, as determined by the Secretary.

New section 105A(c)(1), in subparagraph (E), requires the established price for corn to not be less than $2.75 per bushel.

In addition, if the Secretary in any crop year announces an acreage limitation program or a set-aside program for farms for a crop of feed grains in excess of 15 percent, then the established price for each crop of feed grains will be increased by an amount not less than 2.55 percent of the established price for each feed grain crop for each 2.5 percent incremental increase of the percentage reduction or set aside in excess of 15 percent.[6]

New section 105A(c)(1), in subparagraph (F), requires the established price for—

(1) grain sorghum to be such price as the Secretary determines is fair and reasonable in relation to the established price for corn;

(2) oats to be such price as the Secretary determines is fair and reasonable in relation to the established price for corn, but not less than $1.45 per bushel;

(3) barley to be such price as the Secretary determines is fair and reasonable in relation to the established price for corn, taking into consideration the various feed and food uses for barley, however, the ratio of the established price for barley will not be less than 85. 8 percent of the established price for corn.[7]

New section 105A(c)(1), in subparagraph (G), provides that the total quantity on which payments would otherwise be payable to a producer on a farm for any crop under section 105A(c)(1) will be reduced by the quantity on which any disaster payment is made to the producer for the crop under section 105A(c)(2).

New section 105A(c)(1), in subparagraph (H), authorizes the Secretary to permit, subject to any terms and conditions that the Secretary may prescribe, all or any part of acreage otherwise required to be devoted to conservation uses as a condition of qualifying for payments under section 105A(c)(1)(s)[8] to be devoted to sweet sor-

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[6] Current law contains no similar provision.

[7] Under current law, section 105C(c)(1)(F) provides that the payment rate for grain sorghum, oats, and, if designated by the Secretary, barley, shall be such rate as the Secretary determines is fair and reasonable in relation to the rate at which payments are made available for corn.

[8] Section 105A(c)(1)(B) establishes the 0/92 program.

ghum or the production of guar, sesame, safflower, sunflower, castor beans, mustard seed, crambe, plantago ovato, flaxseed, triticale, rye, commodities for which no substantial domestic production or market exists but that could yield industrial raw material being imported, or likely to be imported, into the United States, or commodities grown for experimental purposes (including kenaf). However, the Secretary is allowed to permit this acreage to be devoted to this production only if the Secretary determines that—

(1) the production is not likely to increase the cost of the price support program and will not affect farm income adversely; and

(2) the production is needed to provide an adequate supply of the commodity, or, in the case of commodities for which no substantial domestic production or market exists but that could yield industrial raw materials, the production is needed to encourage domestic manufacture of such raw material and could lead to increased industrial use of such raw material to the long-term benefit of United States industry.

New section 105A(c)(1), in subparagraph (I), provides that if an acreage limitation program under section 105A(f)(2) is in effect for a crop of feed grains and the producers on a farm devote a portion of the permitted feed grain acreage of the farm (as determined in accordance with subsection 105A(f)(2)(A)) to conservation uses (not to exceed 10 percent of the crop acreage base of the farm), the producers will be eligible for an increase of up to one percent in the established price of the crop of feed grains, on the acreage on the farm actually planted to feed grains, for each one percent of the permitted feed grain acreage of the farm devoted to conservation uses. However, the increase in the established price may not result in a producer receiving more in payments than the maximum amount the producer would be eligible to receive under section 105A(c)(1)(B). In addition, the feed grain crop acreage base and the feed grain farm program payment yield for the farm may not be reduced due to the fact that a portion of the permitted acreage of the farm was devoted to conserving uses.

New section 105A(c)(1), in subparagraph (J), requires the Secretary to use—

(1) for purposes of determining the payment rate for the 1991 through 1995 crops of barley under sections 105A(c)(1)(C)(i) and 105A(c)(1)(D)(ii), the national weighted average market price received by producers of barley sold primarily for feed purposes; and

(2) in the case of the 1991 crop of barley for purposes of determining any advance deficiency payment made to the producers of barley under section 107C, the national weighted average market price received by producers for all barley, as determined by the Secretary.[9]

In addition, the Secretary in implementing section 105A(c) must ensure that producers of the 1991 crop of barley, notwithstanding the method of calculation or the amount of the advance deficiency

[9] Current law contains no similar provision.

payment, receive the total amount of payments as calculated under section 105A(c)(1)(J)(i).

New section 105A(c)(2), requires the Secretary, if the Secretary determines that the producers on a farm are prevented from planting any portion of the acreage intended for feed grains to feed grains or other nonconserving crops because of drought, flood, or other natural disaster, or other condition beyond the control of the producers, to make a prevented planting disaster payment (in the form of cash or from stocks of feed grains held by the Commodity Credit Corporation) to the producers in an amount equal to the product obtained by multiplying—

(1) the number of acres so affected but not to exceed the acreage planted to feed grains for harvest (including any acreage that the producers were prevented from planting to feed grains or other nonconserving crops in lieu of feed grains because of drought, flood, or other natural disaster, or other condition beyond the control of the producers) in the immediately preceding year; by

(2) 75 percent of the farm program payment yield established by the Secretary; by

(3) a payment rate equal to 33⅓ percent of the established price for the crop.

However, producers on a farm are not eligible for these prevented planting disaster payments, if prevented planting crop insurance is available to the producers under the Federal Crop Insurance Act (7 U.S.C. 1501 et seq.) with respect to the feed grain acreage of the producers.

In addition, new section 105A(c)(2), requires the Secretary, 15 if the Secretary determines that because of drought, flood, or other natural disaster, or other condition beyond the control of the producers, the total quantity of feed grains that the producers are able to harvest on any farm is less than the result of multiplying 60 percent of the farm program payment yield established by the Secretary for such crop by the acreage planted for harvest for such crop, to make a reduced yield disaster payment to the producers at a rate equal to 50 percent of the established price for the crop for the deficiency in production below 60 percent for the crop. However, producers on a farm are not eligible for these reduced yield disaster payments, if reduced yield crop insurance is available to the producers under the Federal Crop Insurance Act with respect to the feed grain acreage of the producers.

However, regardless of whether prevented planting crop insurance or reduced yield crop insurance is available to producers, the Secretary may make a disaster payment to the producers on a farm if the Secretary determines that—

(1) as the result of drought, flood, or other natural disaster, or other condition beyond the control of the producers, the producers on a farm have suffered substantial losses of production either from being prevented from planting feed grains or other nonconserving crops or from reduced yields;

(2) such losses have created an economic emergency for the producers;

(3) crop insurance indemnity payments under the Federal Crop Insurance Act (7 U.S.C. 1501 et seq.) and other forms of

assistance made available by the Federal Government to these producers for these losses are insufficient to alleviate such economic emergency; and

(4) additional assistance must be made available to these producers to alleviate such economic emergency.

The Secretary is authorized to make adjustments in the amount of these payments with respect to an individual farm so as to assure the equitable allotment of these payments among producers, taking into account other forms of Federal disaster assistance provided to the producers for the crop involved.

New section 105A(d)(1), in subparagraph (A), requires the Secretary to proclaim a national program acreage for each of the 1991 through 1995 crops of feed grains, except for a crop for which there is an acreage limitation program in effect under section 105A(f). The proclamation will be made not later than September 30 of each calendar year for the crop harvested in the next calendar year.

New section 105A(d)(1), in subparagraph (B), allows the Secretary to revise the national program acreage for the purpose of determining the allocation factor under section 105A(d)(2) if the Secretary determines that it is necessary based on the latest information. The Secretary must proclaim this revised national program acreage as soon as the revision is made.

New section 105A(d)(1), in subparagraph (C), establishes the national program acreage for feed grains to be the number of harvested acres that the Secretary determines (on the basis of the weighted national average of the farm program payment yields for the crop for which the determination is made) will produce the quantity of feed grains (less imports) that the Secretary estimates will be utilized domestically and for export during the marketing year for the crop.

New section 105A(d)(1), in subparagraph (D), authorizes the Secretary to adjust the national program acreage by the quantity that the Secretary determines will accomplish the desired increase or decrease in carryover stocks, if the Secretary determines that carryover stocks of feed grains are excessive or an increase in stocks is needed to assure desirable carryover.

New section 105A(d)(1), in subparagraph (E), provides that section 105A(d) does not apply to the 1991 through 1995 crop of oats.

New section 105A(d), in paragraph (2), requires the Secretary to determine a program allocation factor for each crop of feed grains, if the Secretary proclaims a national program acreage for such crop. The allocation factor for feed grains is determined by dividing the national program acreage for the crop by the number of acres that the Secretary estimates will be harvested for the crop. However, the allocation factor for any crop of feed grains may not be more than 100 percent nor less than 80 percent.

New section 105A(d)(3), in subparagraph (A), provides that the individual farm program acreage for each crop of feed grains will be determined by multiplying the allocation factor by the acreage of feed grains planted for harvest on the farms for which individual farm program acreage are required to be determined, except as provided in section 105A(f)(2).

New section 105A(d)(3), in subparagraph (B), provides that the individual farm program acreage will not be further reduced by application of the allocation factor, if the producers reduce the acreage of feed grains planted for harvest on the farm from the crop acreage base established for the farm under title V by at least the percentage recommended by the Secretary in the proclamation of the national program acreage.

New section 105A(d)(3), in subparagraph (C), requires the Secretary to provide fair and equitable treatment for producers on farms on which the acreage of feed grains planted for harvest is less than the crop acreage base established for the farm under title V, but for which the reduction is insufficient to exempt the farm from the application of the allocation factor.

New section 105A(d)(3), in subparagraph (D), authorizes the Secretary, in establishing the allocation factor for feed grains, to make any adjustment that the Secretary deems is necessary to take into account the extent of exemption of farms under section 105A(d)(3).

New section 105A, in subsection (e), provides that the farm program payment yields for farms for each crop of feed grains will be determined under title V.

New section 105A(f)(1), in subparagraph (A), authorizes the Secretary to provide for any crop of feed grains either an acreage limitation program as described in section 105A(f)(2) or a set-aside program as described in section 105A(f)(3)—

(1) notwithstanding any other provision of the Agricultural Act of 1949,

(2) except as provided in sections 105A(f)(1)(B), 105A(f)(1)(C), and 105A(f)(1)(D), and

(3) if the Secretary determines (taking into consideration the number of acres placed in the conservation acreage reserve established under section 1231 of the Food Security Act of 1985 (16 U.S.C. 3831)) that the total supply of feed grains, in the absence of an acreage limitation or set-aside program, will be excessive taking into account the need for an adequate carryover to maintain reasonable and stable supplies and prices and to meet a national emergency.

If the Secretary elects to put either an acreage limitation or set-aside program into effect for any crop year, the Secretary must announce these programs not later than September 30 prior to the calendar year in which the crop is harvested. However, the Secretary is allowed to make adjustments in the announcement, not later than November 15 of the year previous to the year in which the crop is harvested, if the Secretary determines that there has been a significant change in the total supply of feed grains since the program was first announced.

New section 105A(f)(1), in subparagraph (B), in the case of each of the 1991 through 1995 crops of feed grains, if the Secretary estimates for a marketing year for the crop that the ratio of ending stocks of corn to total use of corn for the preceding marketing year will be—

(1) more than 25 percent, requires the Secretary to provide for an acreage limitation program (as described in section 105A(f)(2)) under which the acreage planted to feed grains for harvest on a farm would be limited to the feed grain crop acre-

age base for the farm for the crop reduced by not less than 12.5 percent nor more than 20 percent; or

(2) 25 percent or less, authorizes the Secretary to provide for an acreage limitation program (as described in section 105A(f)(2)) under which the acreage planted to feed grains for harvest on a farm would be limited to the feed grain crop acreage base for the farm for the crop reduced by not more than 12.5 percent.

New section 105A(f)(1), in subparagraph (C), requires producers on a farm to comply with the terms and conditions of the acreage limitation program and, if applicable, the land diversion program, as provided in section 105A(f)(5), as a condition of eligibility for loans, purchases, and payments for any such crop of feed grains, except as provided in section 105A(g).

New section 105A(f)(1), in subparagraph (D), except as provided in section 105A(f)(9), prohibits producers of oats on a farm from planting oats in excess of the crop acreage base for the farm, as a condition of eligibility for loans, purchases, and payments for the 1991 through 1995 crop of oats.

New section 105A(f)(2), in subparagraph (A), requires that if a feed grain acreage limitation program is announced under section 105A(f)(1), the limitation will be achieved by applying a uniform percentage reduction to the feed grain crop acreage base for the crop for each feed grain-producing farm.

New section 105A(f)(2), in subparagraph (B), makes ineligible producers who knowingly produce feed grains in excess of the permitted feed grain acreage for the farm for feed grain loans, purchases, and payments with respect to that farm, except as provided in section 105A(g).

New section 105A(f)(2), in subparagraph (C), authorizes the Secretary to allow producers of malting barley not to comply with any acreage limitation as a condition of eligibility for feed grain loans, purchases, and payments if the producer—

(1) has previously produced a malting variety of barley for harvest,

(2) plants barley only of an acceptable malting variety for harvest, and

(3) meets any other conditions that the Secretary prescribes.

New section 105A(f)(2), in subparagraph (D), provides that the feed grain crop acreage bases for each crop of feed grains will be determined under title V.

New section 105A(f)(2), in subparagraph (E), requires a number of acres on the farm to be devoted to conservation uses, in accordance with regulations issued by the Secretary. The number of acres (referred to as "reduced acreage") is determined by dividing—

(1) the product obtained by multiplying the number of acres required to be withdrawn from the production of feed grains times the number of acres planted to such commodity; by

(2) the number of acres authorized to be planted to the commodity under the limitation established by the Secretary.

New section 105A(f)(2), in subparagraph (F), makes section 105A(d) inapplicable to a crop of feed grains, including any prior announcement that may have been made under that section for

that crop, if an acreage limitation program is announced under section 105A(f)(1) for a crop of feed grains.

New section 105A(f)(2), in subparagraph (G), establishes the individual farm program acreage to be the acreage planted on the farm to feed grains for harvest within the permitted feed grain acreage for the farm, except as otherwise provided in sections 105A(c)(1)(B) and 105A(c)(1)(I).

New section 105A(f)(2), in subparagraph (H), for the 1991 through 1995 crops of oats—

(1) prohibits the Secretary from establishing a percentage reduction in accordance with section 105A(f)(1) in excess of 5 percent, unless the Secretary determines that the supply of oats will be excessive without a greater percentage reduction than 5 percent; and

(2) authorizes the Secretary to establish a percentage reduction for oats in accordance with section 105A(f)(1) of less than 5 percent. However, if the Secretary does not establish a percentage reduction requirement for oats, the Secretary must ensure that the crop acreage bases established for the farm and the farm acreage base are not increased.

New section 105A(f)(3), in subparagraph (A), requires producers on a farm, if a set-aside program is announced under section 105A(f)(1), as a condition of eligibility for loans, purchases, and payments for feed grains authorized by the Agricultural Act (except as provided in section 105A(g)), to—

(1) set aside and devote to conservation uses an acreage of crop land equal to a specified percentage, as determined by the Secretary, of the acreage of feed grains planted for harvest for the crop for which the set-aside is in effect; and

(2) otherwise comply with the terms of the program.

New section 105A(f)(3), in subparagraph (B), requires the set-aside acreage to be devoted to conservation uses, in accordance with regulations issued by the Secretary.

New section 105A(f)(3), in subparagraph (C), authorizes the Secretary to limit the acreage planted to feed grains, if a set-aside program is established. The limitation will be applied on a uniform basis to all feed grain-producing farms.

New section 105A(f)(3), in subparagraph (D), authorizes the Secretary to make any adjustments in individual set-aside acreage under section 105A that the Secretary determines is necessary—

(1) to correct for abnormal factors affecting production; and

(2) to give due consideration to tillable acreage, crop-rotation practices, types of soil, soil and water conservation measures, topography. and any other factors that the Secretary determines necessary.

New section 105A(f)(4), in subparagraph (A), requires that the regulations issued by the Secretary under section 105A(f)(2) and 105A(f)(3) with respect to acreage required to be devoted to conservation uses must assure protection of the acreage from weeds and wind and water erosion.

New section 105A(f)(4), in subparagraph (B), authorizes the Secretary to permit, subject to any terms and conditions that the Secretary prescribes, all or any part of the acreage devoted to conservation uses to be devoted to sweet sorghum, or the production of

guar, sesame, safflower, sunflower, castor beans, mustard seed, crambe, plantago ovato, flaxseed, triticale, rye, or other commodities, if the Secretary determines that this production—

(1) is needed to provide an adequate supply of these commodities,

(2) is not likely to increase the cost of the price support program, and

(3) will not affect farm income adversely.

New section 105A(f)(4), in subparagraph (C), provides that haying and grazing of acreage designated as conservation use acreage for the purpose of meeting any requirements established under an acreage limitation program (including programs conducted under sections 105A(c)(1)(B) and 105A(c)(1)(I)), set-aside program, or land diversion program established under section 105A will be permitted, except during any consecutive 5-month period (established during the period beginning April 1, and ending October 31) that is established by the State Committee established under section 8(b) of the Soil Conservation and Domestic Allotment Act (16 U.S.C. 590h(b)) for a State. However, the Secretary may permit unlimited haying and grazing on this acreage in the case of a natural disaster.[10]

New section 105A(f)(4), in subparagraph (D), requires the Secretary to consider the effects of soil erosion and any other factors that the Secretary considers appropriate, in determining the quantity of land to be devoted to conservation uses under an acreage limitation or set-aside program with respect to land that has been farmed under summer fallow practices, as defined by the Secretary.

New section 105A(f)(5), in subparagraph (A), authorizes the Secretary to make land diversion payments to producers of feed grains, whether or not an acreage limitation or set-aside program for feed grains is in effect, if the Secretary determines that these land diversion payments are necessary to assist in adjusting the total national acreage of feed grains to desirable goals. These land diversion payments will be made to producers who, to the extent prescribed by the Secretary, devote to approved conservation uses an acreage of crop land on the farm in accordance with land diversion contracts entered into by the Secretary with such producers.

New section 105A(f)(5), in subparagraph (B), provides that the amounts payable to producers under land diversion contracts may be determined through the submission of bids for these contracts by producers in a manner that the Secretary prescribes or any other means that the Secretary determines is appropriate. In determining the acceptability of contract offers, the Secretary must take into consideration the extent of the diversion to be undertaken by the producers and the productivity of the acreage diverted.

New section 105A(f)(5), in subparagraph (C), requires the Secretary to limit the total acreage to be diverted under agreements in any county or local community so as not to affect adversely the economy of the county or local community.

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[10] Under current law, section 105c(f) (4) (C) includes an additional provisions that prohibits haying and grazing for any corp if the Secretary determines that haying and grazing would have an adverse economic effect.

New section 105A(f)(6), in subparagraphs (A) and (B), provides that any reduced acreage, set-aside acreage, and additional diverted acreage may be devoted to wildlife food plots or wildlife habitat in conformity with standards established by the Secretary in consultation with wildlife agencies. The Secretary may pay an appropriate share of the cost of practices designed to carry out these purposes.

New section 105A(f)(6), in subparagraph (C), authorizes the Secretary to pay an appropriate share of the cost of approved soil and water conservation practices (including practices that may be effective for a number of years) established by the producer on reduced acreage, set-aside acreage, or additional diverted acreage.

New section 105A(f)(6), in subparagraph (D), authorizes the Secretary to provide for an additional payment on reduced acreage, set-aside acreage, or additional diverted acreage in an amount determined by the Secretary to be appropriate in relation to the benefit to the general public if the producer agrees to permit, without other compensation, access to all or a portion of the farm, that the Secretary prescribes, by the general public, for hunting, trapping, fishing, and hiking, subject to applicable State and Federal regulations.

New section 105A(f), in paragraph (7), requires an operator of a farm desiring to participate in the program conducted under section 105A(f) to execute an agreement with the Secretary providing for this participation not later than such date that the Secretary prescribes. However, the Secretary, by mutual agreement with producers on a farm, may terminate or modify this agreement, if the Secretary determines that this action is necessary because of an emergency created by drought or other disaster or to prevent or alleviate a shortage in the supply of agricultural commodities. New section 105A(f), in paragraph (8), authorizes the Secretary, in carrying out the program conducted under section 105A(f), to prescribe production targets for participating farms expressed in bushels of production so that all participating farms achieve the same pro rata reduction in production as prescribed by the national production targets, notwithstanding any other provisions of section 105A(f).

New section 105A(f), in paragraph (9), in any crop year that the Secretary determines that projected domestic production of oats will not fulfill the projected domestic demand for oats, notwithstanding the foregoing provisions of section 105A(f)—

(1) requires the Secretary to allow any reduced acreage and set-aside acreage to be planted to oats for harvest (However, if the Secretary estimates that oats planted to this acreage will result in projected domestic production of oats exceeding the projected domestic demand of oats, the Secretary will limit, by applying a uniform percentage reduction to this acreage for each farm, the amount of this acreage to an amount that will result in projected domestic production fulfilling projected domestic demand.);

(2) authorizes the Secretary to make program benefits (including, but not limited to, loans, purchases, and payments) available under the annual program for oats under title I of

the Agricultural Act of 1949 available to producers with respect to this acreage planted to oats; and

(3) prohibits the Secretary from making program benefits, other than the benefits specified above, available to producers with respect to this acreage planted to oats.

New section 105A(g), in paragraph (1), authorizes the Secretary, for each of the 1991 through 1995 crops of corn, grain sorghum, oats, and barley, to make payments available to producers who—

(1) agree to forgo obtaining a loan or purchase agreement under section 105A(a);

(2) agree to forgo receiving payments under section 105A(c);

(3) do not plant feed grains for harvest in excess of the crop acreage base reduced by one-half of any acreage required to be diverted from production under section 105A(f); and

(4) otherwise comply with section 105A.

These payments will be—

(1) made in the form of the feed grains, respectively, owned by the Commodity Credit Corporation (The quantity of feed grains to be made available to a producer will be equal in value to the payments determined under section 105A(g).);

(2) subject to the availability of such feed grains; and

(3) determined in the same manner as provided in section 105A(b).

New section 105A(g), in paragraph (2), authorizes the Secretary to permit producers on a farm to plant feed grains on a portion of the acreage otherwise required to be devoted to conservation uses under section 105A(f) if the producers agree to a corresponding reduction, on an acre-for-acre basis, in the farm program acreage used to compute deficiency payments under section 105A(c)(1)(A)(ii). If the Secretary exercises the authority provided in this provision then the Secretary must implement this provision in such a manner that no greater outlays from the Commodity Credit Corporation result from its implementation. In addition, the feed grain crop acreage base and the feed grain farm program payment yield for the farm may not be increased or reduced due to the fact that such portion of the conserving use acres for the farm was planted to feed grains.[11]

New section 105A(h), in paragraph (1), authorizes the Secretary—

(1) if the failure of a producer to comply fully with the terms and conditions of the program conducted under section 105A precludes the making of loans, purchases, and payments, to make these loans, purchases, and payments in the amount that the Secretary determines is equitable in relation to the seriousness of the failure; and

(2) to consider whether the producer made a good faith effort to comply fully with the terms and conditions of this program in determining whether this equitable relief is warranted.

New section 105A(h), in paragraph (2), allows the Secretary to authorize the county and State committees established under section 8(b) of the Soil Conservation and Domestic Allotment Act (16 U.S.C. 590h(b)) to waive or modify deadlines and other program re-

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[11] Current law provides no similar provision.

quirements in cases in which lateness or failure to meet these other requirements does not affect adversely the operation of the program.

New section 105A, in subsection (i), authorizes the Secretary to issue any regulations that the Secretary determines are necessary to carry out section 105A.

New section 105A, in subsection (j), requires the Secretary to carry out the program authorized by section 105A through the Commodity Credit Corporation.

New section 105A, in subsection (k), requires the provisions of section 8(g) of the Soil Conservation and Domestic Allotment Act (16 U.S.C. 590h(g)) (relating to assignment of payments) to apply to payments under section 105A.

New section 105A, in subsection (l), requires the Secretary to provide for the sharing of payments made under section 105A for any farm among the producers on the farm on a fair and equitable basis.

New section 105A, in subsection (m), requires the Secretary to provide adequate safeguards to protect the interests of tenants and sharecroppers.

New section 105A(n), in paragraph (1), prohibits compliance on a farm with the terms and conditions of any other commodity program, or compliance with crop acreage base requirements for any other commodity, from being required as a condition of eligibility for loans or payments under section 105A. However, if a producer on a farm is participating in the feed grains program under section 105A, the crop acreage base for any other commodity for the farm may not be increased if the commodity is produced on the farm in a manner that is not in compliance with—

(1) the terms and conditions of the applicable commodity program for the commodity; or

(2) the crop acreage base requirements of the applicable commodity program for such commodity.

New section 105A(n), in paragraph (2), prohibits the Secretary from requiring producers on a farm, as a condition of eligibility for loans, purchases, or payments under section 105A for the farm, to comply with the terms and conditions of the feedgrains program with respect to any other farm operated by these producers.[12]

Section 1002.—Price support for high moisture feed grains

Section 1002, in subsection (a), notwithstanding any other provision of law, effective for each of the 1991 through 1995 crops of feed grains, requires the Secretary of Agriculture to make available recourse loans as determined by the Secretary to producers on a farm who—

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[12] Currently, section 105C(n) provides that compliance on a farm with the terms and conditions of any other commodity program may not be required as a condition of eligibility for loans, purchases, or payments under section 105C. However, the Secretary may require that, as a condition of eligibility of producers on a farm for loans, purchases, or payments under section 105C, the acreage planted for harvest on the farm to any other commodity for which an acreage limitation program is in effect not exceed the crop acreage base for that commodity, and if a set-aside program is established for a crop of feed grains under section 150A(f)(3), compliance on a farm with the terms and condition of any other commodity program may be required as a condition of eligibility for loans, purchases, or payments under section 105C.

(1) normally harvest all or a portion of their crop of feed grains in a high moisture state (herein defined as a feed grain having a moisture content in excess of Commodity Credit Corporation standards for loans made by the Secretary under sections 105A(a)(1) and 105A(a)(6) of the Agricultural Act of 1949);

(2) present certified scale tickets from an inspected, certified commercial scale, including licensed warehouses, feedlots, feed mills, distilleries, or other similar entities approved by the Secretary, pursuant to regulations issued by the Secretary, or present field or other physical measurements of the standing or stored feed grain crop in regions of the country, as determined by the Secretary, that do not have certified commercial scales from which certified scale tickets may be obtained within reasonable proximity of harvest operation;

(3) certify that they were the owners of the feed grain at the time of delivery to, and that the amount to be placed under loan was in fact harvested on the farm and delivered to, a feedlot, feed mill, or commercial or on-farm high-moisture storage facility, or to such facilities maintained by the users of such high-moisture feed grain;

(4) comply with deadlines established by the Secretary for harvesting the feed grain and submit applications for loans within deadlines established by the Secretary; and

(5) participate in an acreage limitation or set-aside program for such crop of feed grains established by the Secretary.

Section 1002, in subsection (b), requires these loans to be made on a quantity of feed grains of the same crop acquired by the producer equivalent to a quantity determined by multiplying—

(1) the acreage of the feed grain in a high moisture state harvested on the producer's farm; by

(2) the lower of the farm program payment yield or the actual yield on a field, as determined by the Secretary, that is similar to the field from which such high moisture feed grain was obtained.

Section 1003.—Nonapplicability of section 105 of the Agricultural Act of 1949 to the 1991 through 1995 crops of feed grains

Section 1003 provides that section 105 of the Agricultural Act of 1949 (7 U.S.C. 1444b) will not be applicable to the 1991 through 1995 crops of feed grains.[13]

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[13] Section 105 of the Agricultural Act of 1949 provides that notwithstanding the provisions of section 101 of the Act, beginning with the 1959 crop, price support shall be made available to producers for each crop of corn at 90 per centum of the average price received by farmers during the three calendar years immediately preceding the calendar year in which the marketing year for such crop begins, adjusted to offset the effect on such price of any abnormal quantities of low-grade corn marketed during any of such year, provided that the level of price support for any crop of corn shall not be less than 65 percentum of the parity price therefor. In addition, section 105 provides that beginning with the 1959 crop, price support shall be made available to producers for each crop of oats, rye, barley, and grain sorghum at such level of the parity price therefor as the Secretary of Agriculture determines is fair and reasonable in relation to the level at which price support is made available for corn, taking into consideration the feeding value of such commodity in relation to corn, and the other factors set forth in section 401(b).

Section 1004.—Calculation of refunds of advance deficiency payments by producers of the 1988 or 1989 crops of feed barley

Section 1004(a), in paragraph (1), requires the Secretary of Agriculture, not later than 45 days after the date of enactment of the bill, to calculate, for informational purposes only (except as provided in the discretionary authority under section 1004(b)), the amount of the refund of any advance deficiency payment a producer of barley who participated in the 1988 or 1989 Federal barley price support program would be required to make pursuant to section 107C of the Agricultural Act of 1949 (7 U.S.C. 1445b-2) based on a formula that includes the human food values of barley in all components of the calculations used to determine the amount of refund of advance deficiency payment required of the producer.

Section 1004(a), in paragraph (2), requires the Secretary to publish in the Federal Register—

(1) the formula used to perform the calculations described in section 1004(a)(1);

(2) the aggregate results that the use of this calculation would have pursuant to section 1004(b) in terms of the total reduction in the amount of refunds, the number of producers affected, and any other information the Secretary determines appropriate;

(3) a declaration of whether or not the Secretary decides to use such calculation to recalculate barley producer's refunds pursuant to section 1004(b); and

(4) a statement of the Secretary's reasons for the decision.

In addition, the Secretary must make available to each producer of 1988 or 1989 crop barley, upon request, a statement detailing the effect of the calculation of refunds upon the producer's 1988 or 1989 refund.

Section 1004(b), in paragraph (1), authorizes the Secretary to use the calculation described in section 1004(a) to determine whether or not to reduce the total refund owed by a producer of 1988 or 1989 crop barley under section 107C of the Agricultural Act of 1949.

Section 1004(b), in paragraph (2), provides that if the Secretary decides to use the calculation and reduce the amount of the refund, then, in the case of a producer of 1988 or 1989 crop barley who paid the refund of the advance deficiency payment for such crop calculated prior to the enactment of this bill (or any amount of refund in excess of the amount of the refund determined in accordance with section 1004(b)(1)), the Secretary—

(1) must, before May 31, 1991, reimburse the producer the amount of refund paid by the producer in excess of the refund determined in accordance with section 1004;

(2) must have the option to make this reimbursement in a lump sum or in installments;

(3) must, not later than 45 days after the date of enactment of the bill, notify producers who are eligible to receive such reimbursement of their 1988 or 1989 advance deficiency payment refund under section 1004, of the timing of the payment of the reimbursement (either in lump sum or in installments), that the amount of the reimbursement will not bear interest if paid

before October 15, 1990, and that the amount of such reimbursement paid after October 15, 1990 will bear interest at a rate of at least 7 percent per annum; and

(4) may elect to pay such reimbursement in a lump sum with negotiable generic certificates redeemable for commodities owned by the Commodity Credit Corporation if the reimbursement is paid in full not later than 60 days after the date of enactment of the bill.

TITLE XI—GENERAL COMMODITY PROVISIONS

SUBTITLE A—MISCELLANEOUS COMMODITY PROVISIONS

Section 1101—Payment limitations

Section 1101(a) amends section 1001 of the Food Security Act of 1985 to extend through the 1995 crops the limitation on deficiency payments, land diversion payments, and the total of all payments a person may be entitled to receive under one or more of the annual programs established under the Agricultural Act of 1949, and make necessary conforming changes to section 1001.

Section 1101(b) makes a conforming change to section 2 of the Act of December 11, 1989 (P.L. 101-217), extending provisions of such Act regarding the treatment of cash rent tenants for payment limitation purposes.

Section 1101(c) amends section 1001C of the Food Security Act of 1985 to extend through the 1995 crops the provision of law making foreign persons ineligible to receive farm program benefits.

Section 1101(d) will amend, effective beginning with the 1989 crops, the Food Security Act of 1985 by adding after section 1001C a new section 1001D to provide for the specified treatment of multi-year farm program contract payments.

The new section 1001C(a) requires the Secretary of Agriculture, notwithstanding any other provision of law, in the event of a transfer of ownership of a farming operation (or an ownership interest in a farming operation) by way of gift (in anticipation of death or upon disability of the donor), devise, or descent, to continue to make to the new owner or owners all payments which may become due and payable by virtue of any multi-year program contract which was in effect at the time of the gift or the death of the prior owner.

The new section 1001C(b) prohibits payments made pursuant to section 1001C from exceeding the amount to which the previous owner was entitled to receive under the terms of the contract at the time of the gift or the death of the prior owner.

The new section 1001C(c) requires that payments must be made pursuant to section 1001C to the new owner or owners of a farming operation (or an ownership interest in a farming operation) without regard to any limitation on farm program payments received by such new owner or owners in their capacity as separate persons actively engaged in farming with regard to any other farming operation, including the operation subject to the multi-year program payment contract which is the basis of this section.

Section 1102—Hybrid seed corn producers

Section 1102(a) requires that, for the purposes of the Agricultural Adjustment Act of 1938 and the Agricultural Act of 1949, the terms "producer" and "producers" include a grower of hybrid seed corn under contract, and requires that the grower's interest in the crop must be determined as though any contract for growing such hybrid seed corn did not exist.

Section 1102(b) amends section 1001A(b) of the Food Security Act of 1985 by adding at the end a new paragraph (6).

The new section 1001A(b)(6) prohibits the Secretary, when determining whether a person growing hybrid seed under contract will be considered to be actively engaged in farming, from taking into consideration the existence of any contract for growing such hybrid seed.

Section 1103—Advance deficiency and diversion payments

Section 1103 extends, effective only for the 1991 through 1995 crops of wheat, feed grains, upland cotton, and rice, section 107C of the Agricultural Act of 1949, which governs the payment (and refund, if necessary) of advance deficiency payments to participants in the programs for such crops under the 1949 Act.

Section 1104—Commodity Credit Corporation sales price restrictions

Section 1104 amends, effective only for the marketing years for the 1991 through 1995 crops, section 407 of the Agricultural Act of 1949 to—

(1) provide that the Commodity Credit Corporation may not sell any of its stocks of wheat, corn, grain sorghum, barley, oats, and rye at less than (A) 150 percent of the current national average loan rate for the commodity, adjusted for such current market differentials reflecting grade, quality, location, and other value factors as the Secretary determines appropriate plus reasonable carrying charges, or (B) if the Secretary permits the repayment of loans made for a crop of the commodity at a rate that is less than the loan level determined for such crop, 150 percent of the average loan repayment rate that is determined for such crop during the period of such loans; and

(2) require that, if the Commodity Credit Corporation makes purchases of commodities to offset the adverse consequences of sales at less than prescribed prices, the purchase price may not exceed Corporation's minimum sales price for such commodities for unrestricted use.

Section 1105—Disaster payments for 1991 through 1995 crops of peanuts, soybeans, sugar beets, and sugarcane

Section 1105(a) amends section 1008 of the Food Security Act of 1985 to extend through the 1995 crops of peanuts, soybeans, sugar beets and sugarcane the provisions of section 201(k) of the Agricultural Act of 1949, authorizing the Secretary to make prevented planting disaster payments to the producers of such commodities.

Section 1105(b) corrects a spelling error in section 201(k)(1) of the Agricultural Act of 1949.

Section 1106—Extension and enhancement of authority for multiyear set-aside contracts

Section 1106 amends section 1010 of the Food Security Act of 1985 by—

(1) making mandatory that the Secretary of Agriculture enter into multiyear set-aside contracts;

(2) extending the authority for such contracts through the 1995 crops of wheat, feed grains, upland cotton, and rice;

(3) requiring that 50 percent of the set-aside acreage under such a contract must be devoted to a perennial cover crop or an annual cover crop each year that is capable of naturally improving water quality, improving habitat for wildlife, or making forage available for drought emergencies, unless water conservation considerations or other crop management considerations identified in a conservation plan prepared for such land require otherwise, and requiring that seasonal flooding with shallow water be considered to be acceptable cover crop for the purpose of this section;

(4) prohibiting haying (as well as grazing, as provided under current law) on land under such multiyear set-aside contact, except in areas of a major disaster, as determined by the President, in which case either haying or grazing could be allowed under certain conditions; and

(5) adding at the end a new subsection (5) requiring that, in order to be eligible to enter into a multi-year set-aside agreement and receive cost share assistance under section 1010, a producer must designate the same cropland each crop year for all agricultural set-aside and acreage limitation programs that are involved in multi-year set-aside programs, except that those croplands necessary for normal crop rotation or those lands used for changes in farm operations will be exempt from this requirement. Each producer must establish on such acreage a perennial cover crop or an annual cover crop that is capable of naturally improving soil fertility, reducing water problems, improving water quality, improving habitat for wildlife or making forage available for drought emergencies, unless water conservation considerations or other crop management considerations identified in a conservation plan for such land require otherwise.

Section 1107—Establishment of cover crop

Section 1107(a) provides that the Secretary of Agriculture should encourage producers who participate in an acreage reduction program established for a crop of wheat, feed grains, cotton or rice under the Agricultural Act of 1949 to plant an annual or perennial vegetative cover on reduced acreage that provides full season coverage capable of naturally improving soil fertility, reducing erosion, improving soil quality, enhancing wildlife, and making forage available for drought emergencies on all acreage required to be devoted to conservation uses, unless water conservation considerations or other crop management considerations identified in a conservation plan prepared for such land require otherwise.

Section 1107(b) requires that participation by a producer in any program of encouragement under subsection (a) must be at the discretion of the producer. Failure to participate in any such program may not be used to determine eligibility for any other Federal program, unless specifically authorized by law.

Section 1107(c) requires the Secretary, in any program of encouragement authorized under section 1107(c) to provide for the planting of annual or vegetative cover crops consistent with normal crop rotation management practices, such as summer fallow or other conserving use management practices, traditionally practiced in the area.

Section 1108—Supplemental set-aside and acreage limitation authority

Section 1108 amends, effective for the 1991 through 1995 crops of wheat and feed grains, section 113 of the Agricultural Act of 1949 to authorize the Secretary of Agriculture, notwithstanding any other provision of law or prior announcement made by the Secretary to the contrary, to announce and provide for a set-aside or acreage limitation program under section 105A or 107A of the Agricultural Act of 1949, for one or more of the 1991 through 1995 crops of wheat and feed grains if the Secretary determines that such action is in the public interest as a result of the imposition of restrictions on the export of any such commodity by the President or other member of the executive branch of the Federal Government. To carry out effectively a set-aside or acreage limitation program authorized under this section, the Secretary is further authorized to make such modifications and adjustments in such program as the Secretary determines necessary because of any delay in instituting such program.

Section 1109—Extension of the food security wheat reserve

Section 1109 amends section 302 of the Food Security Wheat Reserve Act of 1980—

(1) in subsection (b)(2) by adding a new subparagraph (B) requiring the Secretary of Agriculture, not later than 18 months after the release of stocks from the reserve, to replenish the reserve—

(A) through purchase as provided under subsection (b)(2), to the extent of the appropriations available; or

(B) by designating an equivalent quantity of wheat from uncommitted stocks of the Commodity Credit Corporation, to the extent sufficient appropriations are not available, except to the extent that the Secretary reports to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate that there are not sufficient uncommitted stocks of the Commodity Credit Corporation available."; and

(2) in subsection (i) to extend the authority to maintain the food security wheat reserve through September 30, 1995.

Section 1110—Extension of normally planted acreage provisions

Section 1110 amends sections 1001(a) and (b) of the Food and Agriculture Act of 1977 to extend through 1995 provisions—

(1) requiring that whenever a set-aside program is in effect for a crop of wheat and feed grains, the Secretary of Agriculture may require that producers not exceed the acreage on the farm normally planted to crops designated by the Secretary; and

(2) providing that whenever the Secretary requires that such producers not exceed the acreage on the farm normally planted to crops designated by the Secretary, the Secretary may increase the deficiency payments to compensate producers for not exceeding such normally planted acreage.

Section 1111—Extension of provisions regarding the advance announcement of programs

Section 1111 amends section 406 of the Agricultural Act of 1949 to extend through the 1996 crop of wheat and feed grains the Secretary's authority to allow producers of such commodities to elect to receive price support, payments, or other program benefits as provided under section 406 or under the program announced for the commodity for the current crop year.

"(iii) In the case of the 1996 crop, the Secretary shall make available to producers of a commodity who exercise the election provided by this section and who comply fully with the terms and conditions of any acreage reduction program established for the 1995 crop of the commodity, and extends similar authority for the 1996 crops."

Section 1112—Extension of provisions regarding certain determinations of the Secretary

Section 1112 amends section 1017(b) of the Food Security Act of 1985 to extend through 1995 the requirement that the Secretary of Agriculture determine the rate of loans, payments, and purchases under the Agricultural Act of 1949 without regard to the requirements for notice and public participation in rulemaking prescribed in section 553 of title 5, United States Code.

Section 1113—Application of terms in the Agricultural Act of 1949

Section 1113 amends section 1018 of the Food Security Act of 1985 to extend through 1995 clarification of the application of certain terms for purposes of the Agricultural Act of 1949.

Section 1114—Normal supply determination

Section 1114 amends section 1019 of the Food Security Act of 1985 to extend through 1995 regarding the irrevocable nature of a normal supply determination made by the Secretary of Agriculture for the year.

Section 1115—National agricultural cost of production standards review board

Section 1115 extends through September 30, 1995 the National Agricultural Cost of Production Standards Review Board established under section 1005 of the Agriculture and Food Act of 1981.

Section 1116—Producer reserve program for wheat and feed grains

Section 1116 amends, effective beginning with the 1991 crops, section 110 of the Agricultural Act of 1949—

(1) to require the Secretary, if the Secretary estimates for any marketing year that the ratio of ending stocks to total use for the marketing year for wheat will be more than 40 percent or for corn will be more than 25 percent, to formulate and administer a program under which producers of wheat or feed grains, respectively, will be able to store wheat or feed grains to extend the time period for their orderly marketing and to provide for adequate, but not excessive, carryover stocks to ensure a reliable supply of the commodities;

(2) to reduce the minimum term of storage loans from not less than three years to not less than 18 months, and provide for one automatic 6-month loan extension upon the request of the producer, and further extensions at the discretion of the Secretary;

(3) to provide that the producer storage program may provide payments to producers for storage at rates determined by the Secretary to be equivalent to average rates paid for commercial storage in that State;

(4) to provide that producer storage program loans may be redeemed at the discretion of the producer;

(5) to provide that the producer storage program may be designed to induce producers to redeem and market wheat or feed grains without regard to the maturity date of any loans when the market price for the commodity has attained 150 percent of the nonrecourse loan rate;

(6) to authorize the Secretary to waive the repayment of principal or interest on loans made under this section if market conditions warrant; and

(7) to provide that the total quantity of wheat stored under storage programs established under this section may not exceed 300 million bushels; and

(8) to provide that the total quantity of feed grains stored under storage programs established under this section may not exceed 600 million bushels.

Section 1117—Certificates

Section 1117(a) amends section 107E of the Agricultural Act of 1949 to—

(1) provide that negotiable certificates issued by the Commodity Credit Corporation must enable any subsequent holders of such certificates to redeem such certificates under the same rules that apply to original holders of such certificates; and

(2) require the Secretary, in the case of the annual programs for wheat or feed grains, if the Secretary makes in-kind pay-

ments available to producers for any payment under any such program, to also permit producers to elect to receive such payment in cash instead of in the form of an in-kind payment.

Section 1117(b) limits the application of the amendment made by paragraph (a)(1) to—

(1) the 180-day period beginning on the date of enactment; and

(2) no more than $25,000 worth of certificate redemptions per person.

Section 1117(c) requires that in no event may a person receive a payment from the Commodity Credit Corporation for a certificate that is redeemed under the amendment made by paragraph (a)(1) in an amount greater than the price paid for the certificate by such person. No expired certificate may be exchanged under this section if the owner purchased such certificate after January 1, 1990.

Section 1118—Procedural requirements

Section 1118 will amend the Agricultural Act of 1949 by adding after section 107F a new section 107G governing the procedures for the disposition of stocks.

The new section 107G(a) requires the Commodity Credit Corporation, by rule, to establish procedures for the exchange of certificates issued by the Commodity Credit Corporation for commodities or funds of the Commodity Credit Corporation, including any procedures to be used by the Commodity Credit Corporation to determine the value of any such commodities.

The new section 107G(b) requires the Secretary, as soon as practicable before the marketing year or season for each commodity for which there is an annual program in effect under the Agricultural Act of 1949, to announce the anticipated stock disposition actions with respect to the exchange of commodity certificates for commodities owned by the Commodity Credit Corporation (and reasons therefor) for that commodity for the marketing year or season.

The new section 107G(c) requires the Secretary, whenever the Secretary decides to make payments to producers participating in annual programs under the Agricultural Act of 1949 using marketing certificates, to announce the rationale for such decision and the goals for the levels of Commodity Credit Corporation stocks.

The new section 107G(d) requires the Secretary, whenever the Secretary decides to make payments to producers participating in annual programs under the Agricultural Act of 1949 using marketing certificates, to allow producers to make any refund of those payments by using such certificates.

Section 1119—Financial impact assessment

Section 1119 requires the Secretary to conduct an annual assessment of the financial impact of the support levels established and announced by the Secretary under programs contained in the Agricultural Act of 1949 (hereafter "programs"), including an assessment of the effect of such support levels on the ability of producers to meet their financial obligations. Section 1119 further requires the Secretary to annually prepare a report containing the results of such assessment and submit such report to the Committee on Agriculture of the House of Representatives and the Committee on

Agriculture, Nutrition, and Forestry of the Senate, not later than the date of the final announcement for such programs by the Secretary for any one year. The assessment under this section, including the assessment of the effect of such support levels on the ability of producers to meet their financial obligations, may be only for informational purposes and for Congressional oversight and may not give rise to any cause of action, be a basis for, or be used as evidence in support of, any claim or right of any person, including farmers and borrowers, in any administrative or judicial proceeding.

Section 1120—Survey of program participants

Section 1120(a) requires that the Secretary of Agriculture provide that producers, during the sign-up period for commodity programs under the Agricultural Act of 1949 in the 1991 calendar year, complete a survey regarding the preference of such producers, either to increase the efficiency of their farming operation or to assist in meeting conservation requirements for the farm, for the redistribution of any crop acreage bases on each producer's farm. Such survey must include questions designed to determine whether such producers would prefer to redistribute their current crop acreage bases—

(1) in different proportions among the program crops for which such producers currently have a crop acreage base;

(2) among program crops for which such producers currently do not have a crop acreage base; or

(3) in some combination of the options provided under paragraphs (1) and (2)

without exceeding the total cropland of the farm. Such survey must be prepared and administered by the Agricultural Stabilization and Conservation Service, and conducted in every county where sign-ups for Federal commodity programs are administered.

Section 1120(b) requires the Secretary to compile and analyze the data collected from the survey required under subsection (a) to determine—

(1) the potential increases and decreases in State, regional, and national acreage that would be planted to various program crops if producers were given the option to redistribute their current crop acreage bases as indicated by the survey conducted under subsection (a);

(2) the potential commodity program costs or savings if producers were allowed to implement the redistribution of such crop acreage bases as described in paragraph (1);

(3) the potential impact of such a redistribution of crop acreage bases on the competitiveness of United States agriculture in world markets; and

(4) such other consequences of such a redistribution of crop acreage bases that the Secretary determines to be of significance to United States agriculture.

Section 1120(c) requires the Secretary, not later than January 31, 1992, to submit to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate a report on the results of the survey conducted under subsection (a). Such report is required to—

(1) include a compilation of the data collected pursuant to the survey conducted under subsection (a);

(2) include the results of the analysis and determinations required under subsection (b);

(3) provide a summary of such data and determinations on a program crop-by-program crop and State-by-State basis; and

(4) provide such other recommendations or information as the Secretary determines appropriate.

SUBTITLE B—UNIFORM BASE ACREAGE AND YIELD PROVISIONS

Section 1121—Acreage base and program yield system for the wheat feed grains, upland cotton, and rice programs

Section 1121 amends, effective for the 1991 through 1995 crops of wheat, feed grains, upland cotton, and rice, title V of the Agricultural Act of 1949 (hereafter "the 1949 Act") to extend and enhance the acreage base and program yield system for the programs for such commodities.

The new section 501 provides that the purpose of title V of the 1949 Act is to prescribe a system for establishing farm and crop acreage bases and program yields for the wheat, feed grain, upland cotton, and rice programs under this such that is efficient, equitable, flexible, and predictable.

The new section 502 defines the terms "program crop" and "county committee" for purposes of title V of the 1949 Act.

The new section 503(a) requires the Secretary to provide for the establishment and maintenance of flexible acreage bases for the 1991 and subsequent crop years.

The new section 503(b) requires the county committee, in accordance with regulations prescribed by the Secretary, to determine the flexible acreage base for a farm for a crop year. Such flexible acreage base includes the sum of—

(1) the number of acres equal to the sum of the crop acreage bases for the farm; and

(2) the average of the acreage on the farm planted and considered planted to soybeans, sunflower, canola, rapeseed, safflower, flaxseed, mustard seed, and any other oilseeds the Secretary may designate under section 201(g)(1)(A), in each of the 5 crop years immediately preceding the year for which the determination is made.

The new section 503(c)(1) requires the Secretary, notwithstanding any other provision of the 1949 Act, to permit producers on a farm to designate up to 25 percent of such flexible acreage base for the crop year as flexible crop acreage. Such flexible crop acreage may be planted, at the option of the producer, to—

(A) any program crop in an amount such that the plantings of all program crops on farm do not exceed the total of the permitted acreage for all program crops on the farm: *Provided;* That during any of the crop years 1991 through 1995 in which a percentage of permitted acres on a farm planted to a crop of wheat, feed grains, cotton, or rice shall be ineligible to receive deficiency payments by virtue of any program policy element that may subsequently be enacted removing from the producer of such crop the option to plant the permitted crop and receive

deficiency payments thereon, then at such time and to the extent of the percentage of such ineligibility to receive deficiency payments on the permitted program crop or crops on the farm, the restrictions imposed by this subparagraph shall be waived as to the total plantings of all program crops on the farm on flexible acreage base on the farm as defined in this title.

(B) soybeans, sunflower, canola, rapeseed, safflower, flaxseed, mustard seed, or any other oilseeds the Secretary may designate under section 201(g)(1)(A);

(C) sweet sorghum, guar, sesame, castor beans, mustard, crambe, plantago ovato, triticale, rye, guayule, milkweed, mung bean, meadowfoam, jojoba, kenaf;

(D) commodities grown for experimental purposes, as determined by the Secretary; or

(E) commodities for which no substantial domestic production or market exists, as determined by the Secretary.

The new section 503(c)(2) requires the Secretary, with regard to commodities that may be planted pursuant to paragraph (1)(D) and (E), to make a determination in each crop year of the commodities that will qualify for planting on flexible acres and to publish a proposed list of such commodities in advance of making a final determination and granting the authority to producers to plant such commodities.

The new section 503(c)(3) requires that, for the purposes of determining the flexible acreage base or the crop acreage bases for the farm, any acreage on the farm that is designated as flexible crop acreage under paragraph (1), must be considered to be planted to the program crop or oilseed specified in subsection (b)(2) for which such crop planted on such flexible crop acreage is substituted.

The new section 503(c)(4) prohibits the Secretary from making program benefits, other than price support loans authorized under the 1949 Act for the program crop, available to producers with respect to a program crop planted on flexible crop acreage under paragraph (1), and requires the Secretary to ensure that the crop acreage bases and the flexible acreage base established for the farm are not increased due to such plantings.

The new section 503(d)(1) requires the Secretary, notwithstanding any other provision of the 1949 Act, to permit producers on a farm to designate any portion of the flexible acreage base (excluding any acreage specified in subsection (b)(2)) for the crop year as acreage base established for oats. For the purposes of determining the flexible acreage base or the crop acreage bases for the farm, any acreage on the farm that is designated as oats base under this paragraph and planted to oats for harvest will be considered to be planted to the program crop for which oats are substituted.

The new section 503(d)(2) authorizes the Secretary to make program benefits (including, but not limited to, loans, purchases, and payments) available under the annual program for oats under section 105A of the 1949 Act available to producers with respect to acreage planted to oats under this subsection.

The new section 503(d)(3) prohibits the Secretary from making program benefits other than benefits specified in paragraph (2) available to producers with respect to acreage planted to oats

under paragraph (1), and requires the Secretary to ensure that the crop acreage bases established for the farm and the flexible acreage base are not increased due to such plantings.

The new section 504(a)(1) requires the Secretary to provide for the establishment and maintenance of crop acreage bases for each program crop, including any program crop produced under an established practice of double cropping. The sum of the crop acreage bases for all program crops produced on any farm for any crop year shall not exceed the flexible acreage base for such farm for such crop year, except to the extent that the excess is due to an established practice of double cropping.

The new section 504(a)(2) defines the term 'double cropping' to mean a farming practice, as defined by the Secretary, which has been carried out on a farm in at least 3 of the 5 crop years immediately preceding the crop year for which the crop acreage base for the farm is established.

The new section 504(b)(1)(A) requires, except as provided in subparagraph (B), the crop acreage base for a program crop for any farm for the 1991 and subsequent crop years to be the number of acres that is equal to the average of the acreage planted and considered planted to such program crop for harvest on the farm in each of the 5 crop years preceding such crop year.

The new section 504(b)(1)(B) requires, in the case of upland cotton and rice, the crop acreage base for those crops to be the number of acres that is equal to the average of the acreage planted and considered planted to such program crop for harvest on the farm in each of the three crop years preceding such crop year.

The new section 504(b)(2) requires that the acreage considered planted to a program crop include—

(A) any reduced acreage, set-aside acreage, and diverted acreage on the farm;

(B) any acreage on the farm that producers were prevented from planting to such crop because of drought, flood, or other natural disaster, or other condition beyond the control of the producers;

(C) acreage in an amount equal to the difference between the permitted acreage for a program crop and the acreage planted to the crop, if the acreage considered to be planted is devoted to conservation uses or the production of commodities permitted under section 107A(c)(1)(G), 105A(c)(1)(H), 103B(c)(1)(F), or 101B(c)(1)(F), as the case may be;

(D) acreage designated as flexible crop acreage, other than that portion designated from acreage specified under section 503(b)(2) of the 1949 Act;

(E) any acreage on the farm that the Secretary determines is necessary to be included in establishing a fair and equitable crop acreage base;

(F) any acreage on the farm for which the crop acreage base for the crop on the farm was adjusted because of a condition or occurrence beyond the control of the producer pursuant to subsection (e).

The new section 504(b)(3) authorizes the county committee, for the purpose of determining the crop acreage base for the 1991 and subsequent crop years for any farm, the county committee, to con-

struct, in accordance with regulations prescribed by the Secretary, a planting history for such crop if—

(A) planting records for such crop for any of the 5 crop years preceding such crop year are incomplete or unavailable; or

(B) during at least one but not more than 4 of the 5 crop years preceding such crop year, the program crop was not produced on the farm.

The new section 504(c) extends current law authorizing the Secretary to make adjustments to reflect crop rotation practices and to reflect such other factors as the Secretary determines should be considered in determining a fair and equitable crop acreage base.

The new section 504(d) provides that if a county committee determines, in accordance with regulations prescribed by the Secretary, that the occurrence of a natural disaster or other similar condition beyond the control of the producer prevented the planting of a program crop on any farm within the county (or substantially destroyed any such program crop after it had been planted but before it had been harvested), the producer may plant any other crop, including any other program crop, on the acreage of such farm that, but for the occurrence of such disaster or other condition, would have been devoted to the production of a program crop. This section also requires that, for purposes of determining the flexible acreage base or the crop acreage base, any acreage on the farm on which a substitute crop, including any program crop, is planted under this subsection must be taken into account as if such acreage had been planted to the program crop for which the other crop was substituted.

The new section 504(e) authorizes the county committee, in accordance with regulations prescribed by the Secretary, to adjust any crop acreage base for any program crop for any farm if the crop acreage base for the crop on the farm would otherwise be adversely affected by a condition or occurrence beyond the control of the producer.

The new section 505(a) requires the Secretary to provide for the establishment of a farm program payment yield for each farm for each program crop for each crop year. Section 505(a) further requires that such program payment yield must be equal to the average of the farm program payment yields for the farm for the 1981 through 1985 crop years, excluding the year in which such yield was the highest and the year in which such yield was the lowest.

The new section 505(b)(1) requires the Secretary, if the farm program payment yield for a farm is reduced more than 10 percent below the farm program payment yield for the 1985 crop year, to make available to producers deficiency payments for the commodity in such amount as the Secretary determines is necessary to provide the same total return to producers as if the farm program payment yield had not been reduced more than 10 percent below the farm program payment yield for the 1985 crop year. Section 505(b)(1) further requires that such payments must be made available to producers not later than the time final deficiency payments are made available.

The new section 505(b)(2) requires that, if no crop of the commodity was produced on the farm or no farm program payment yield was established for the farm for any of the 1981 through 1985 crop

years, the farm program payment yield must be established on the basis of the average farm program payment yield for such crop years for similar farms in the area.

The new section 505(b)(3) authorizes the Secretary, if the Secretary determines such action is necessary, to establish national, State, or county program payment yields on the basis of—

(A) historical yields, as adjusted by the Secretary to correct for abnormal factors affecting such yields in the historical period; or

(B) the Secretary's estimate of actual yields for the crop year involved if historical yield data is not available.

The new section 505(b)(4) requires that the farm program payment yields must balance to the national, State, or county program payment yields if national, State, or county program payment yields are established under this section.

The new section 505(c)(1) authorizes the Secretary, with respect to the 1991 and subsequent crop years, to (A) establish the farm program payment yield as provided in subsection (a), or (B) establish a farm program payment yield for any program crop for any farm on the basis of the average of the yield per harvested acre for the crop for such farm for each of the 5 crop years immediately preceding such crop year, excluding the crop year with the highest yield per harvested acre, the crop year with the lowest yield per harvested acre, and any crop year in which such crop was not planted on the farm. For purposes of the preceding sentence, the farm program payment yield for the 1986 crop year and the actual yield per harvested acre with respect to the 1987 and subsequent crop years are required to be used in determining farm program payment yields. Notwithstanding any other provision of this paragraph, for purposes of establishing a farm program payment yield for any program crop for any farm for the 1991 and subsequent crop years, the farm program payment yield for the 1986 crop year may not be reduced more than 10 percent below the farm program payment yield for the farm for the 1985 crop year.

The new section 505(c)(2) authorizes the county committee, in accordance with regulations prescribed by the Secretary, to adjust any farm program payment yield for any program crop for any farm if the farm program payment yield for the crop on the farm does not accurately reflect the productive potential of the farm.

The new section 505(d) authorizes the county committee, in the case of any farm for which the actual yield per harvested acre for any program crop referred to in subsection (c)(1) for any crop year is not available, to assign the farm a yield for the crop for such crop year on the basis of actual yields for the crop for such crop year on similar farms in the area.

The new section 506 authorizes each county committee, effective for each of the 1991 and subsequent crop years, in accordance with regulations prescribed by the Secretary, to require any producer who seeks to establish a flexible acreage base, crop acreage base, or farm program payment yield for a farm for a crop year to provide planting and production history of such farm for each of the 5 crop years immediately preceding such crop year.

The new section 507 authorizes each county committee, in accordance with regulations prescribed by the Secretary, to provide

for the establishment of a flexible acreage base, crop acreage base, and farm program payment yield with respect to any farm administratively located within the county if such flexible acreage base, crop acreage base, or farm program payment yield cannot otherwise be established under this title. Section 507 further requires that such bases and farm program payment yields must be established in a fair and equitable manner, but no such bases or farm program payment yields may be established for a farm if the producer on such farm is subject to sanctions under any provision of Federal law for cultivating highly erodible land or converted wetland.

The new section 508 requires the Secretary to establish an administrative appeal procedure which provides for an administrative review of determinations made with respect to flexible acreage bases, crop acreage bases, and farm program payment yields.

TITLE XII—TRADE

SUBTITLE A—PUBLIC LAW 480, FOOD FOR PROGRESS

Section 1201—Amendment of Agricultural Trade Development and Assistance Act of 1954

Section 1201 provides that references in subtitle A to a "section or other provision" will be considered to be a section or other provision of the Agricultural Trade Development and Assistance Act of 1954 (commonly known as Public Law 480 or "PL 480").

Section 1202—Extension of authorities

Section 1202(a) extends the authority of the President under title I of Public Law 480 to channel foreign currencies to loans for private enterprise through 1995.

Section 1202(b) extends the provision of title II of Public Law 480 requiring the distribution of a set minimum quantity of agricultural commodities for famine relief and assistance through fiscal year 1995.

Section 1202(c) extends the authority of the President to finance sales under title I and provide assistance under title II of Public Law 480 through December 31, 1995, and limits spending authority under amendments made to title I under the Food and Agricultural Resources Act of 1990 to amounts provided by appropriations.

Section 1203—Amendment to Section 3

Section 1203 amends section 3 of Public Law 480. The amended section 3 communicates the sense of Congress with respect to the level of food aid provided by the United States and other donor governments.

Section 1204—Amendments to Title I

Section 1204(a) amends section 101 (7 U.S.C. 1701). The amended section 101(a) authorizes the President to negotiate and carry out agreements with friendly countries providing for the sale of agricultural commodities (1) for dollars on credit terms, or (2) for foreign currencies for use under section 104 or 108 in order to carry

out the policies and accomplish the objectives set forth in section 2 of Public Law 480.

Section 101(a) also authorizes the President to negotiate and carry out agreements with friendly least developed countries that meet the poverty criteria established by the International Bank for Reconstruction and Development for Civil Works Preference providing for the donation of agricultural commodities to such countries.

The amended section 101(b) provides that for each of the fiscal years 1991 through 1995, sales for foreign currencies for use under section 108 under agreements entered into under this title should be made at an annual level of not less than 10 percent of the aggregate value of all sales of agricultural commodities under this title.

The new section 101(c) defines the term "least developed country" for purposes of section 101.

Section 1204(b) makes technical and conforming changes to section 103 of title I of Public Law 480.

Section 1204(c) revises section 104 of Public Law 480 (7 U.S.C. 1704) which authorizes the President to use or enter into agreements with foreign countries or international organizations to use the foreign currencies, including principal and interest from loan repayments, which accrue in connection with sales or sales for foreign currencies, for various purposes.

The revised language clarifies and strengthens the current provisions of section 104 and provides, among other things, eligibility for foreign currency use by the Director of the National Agricultural Library, for changing the amount required for financing in each country collaborative agricultural research of mutual benefit to the United States and the recipient country, including under title XII of the Foreign Assistance Act of 1961, and activities to assist international education and cultural exchange and to provide for the strengthening of the resources of American schools, colleges, universities, and other public and nonprofit private educational agencies for international studies and research under the programs authorized by title VI of the National Defense Education Act, the Mutual Educational and Cultural Exchange Act of 1961, and the International Education Act of 1966, from a floor of 2 percent to a maximum of up to 2 percent of the total sales proceeds received each year; and redesignating the provisions of section 104(a) through 104(c) as provisions of section 104(a).

The amended section 104(a) further provides authority for the use of foreign currencies:

(1) For use by such agencies as the President may designate for (A) loans to United States business firms (including cooperatives) and branches, subsidiaries, or affiliates of such firms for business development, market research, and trade expansion in such countries, including promotion of private investment advice and technical support, and (B) loans to domestic or foreign firms (including cooperatives) for the establishment of facilities for aiding in the utilization, distribution, or otherwise increasing the consumption of, and markets for, United States agricultural products. The section prohibits loans from being made for the manufacture of any product intended to be exported to the United States in competition with products

produced in the United States, requires due consideration to be given to the continued expansion of markets for United States agricultural commodities or the products thereof, and authorizes foreign currencies to be accepted in repayment of such loans.

(2) To promote multilateral trade and agricultural and other economic development, under procedures, established by the President, by loans or by use in any other manner that the President may determine to be in the national interest of the United States; particularly to assist programs of recipient countries designed to promote, increase, or improve food production, processing, distribution, or marketing in food-deficit countries friendly to the United States, for which purpose the President may utilize to the extent practicable the services of nonprofit voluntary agencies registered with and approved by the Agency for International Development. The section prohibits the use of such funds to promote religious activities.

(3) For financing, at the request of such country, programs emphasizing maternal welfare, child health and nutrition, and activities, where participation is voluntary, related to the problems of population growth, under procedures established by the President through any agency of the United States, or through any local agency that the President determines is qualified to administer such activities with not less than 5 percent of the total sales proceeds received each year to be used for voluntary programs to control population growth. None of the funds are to be used to pay for the performance of abortions as a method of family planning or to motivate or coerce any person to practice abortions.

(4) For paying, to the maximum extent practicable, the costs of carrying out programs for the control of rodents, insects, weeds, and other animal or plant pests.

The amended section 104(b) makes section 1415 of the Supplemental Appropriation Act, 1953, applicable to currencies used for the purposes specified in subsection (a), and in the case of currencies to be used for the purposes specified in section 104(a)(2)(B) authorizes the Appropriation Act to specifically authorize the use of such currencies and to not require the appropriation of dollars for the purchase of such currencies.

The amended section 104(c) provides that no agreement or proposal to grant any foreign currencies under section 104 may be entered into or carried out until the expiration of 30 days following the date on which such agreement or proposal is transmitted by the President to the Committee on Agriculture and the Committee on Foreign Affairs of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry and the Committee on Foreign Relations of the Senate, if transmitted while Congress is in session, or 60 days following the date of transmittal if transmitted while Congress is not in session.

The amended 104(d) requires any loan made under the authority of section 104 to bear interest at such rate as the President may determine but not less than the cost of funds to the United States Treasury, taking into consideration the current average market yields on outstanding marketable obligations

of the United States having maturity comparable to the maturity of such loans, unless the President designates a different rate in specific instances.

The amended 104(e) makes sections 104(c) and 104(d) inapplicable in the case of any country where the foreign currencies or credits owned by the United States and available for use by it in such country are determined by the Secretary of the Treasury to be in excess of the normal requirements of the departments and agencies of the United States for expenditures in such country for the two fiscal years following the fiscal year in which such determination is made, requires the amount of any such excess to be devoted to the extent practicable and without regard to section 104(b), to the acquisition of sites, buildings, and grounds under section 104(a)(2)(D) and to assist the country in undertaking self-help measures to increase its production of agricultural commodities and its facilities for storage and distribution of such commodities and limits such assistance to self-help measures.

The amended section 104(e) also directs the President, upon the determination by the Secretary of the Treasury that such an excess exists with respect to any country, to advise the Committee on Agriculture and the Committee on Foreign Affairs of the House of Representatives, and the Committee on Agriculture, Nutrition, and Forestry, and the Committee on Foreign Relations of the Senate of such determination and to thereafter report to each such Committee as often as may be necessary to keep such Committee advised as to the extent of such excess, the purposes for which it is used or proposed to be used, and the effect of such use.

The amended section 104(f) requires foreign currencies received pursuant to Public Law 480 to be deposited in a special account to the credit of the United States and to be used only pursuant to sections 104 and 108, requires any department or agency of the Government using any of such currencies for a purpose for which funds have been appropriated to reimburse the Commodity Credit Corporation in an amount equivalent to the dollar value of the currencies used, and directs the President to utilize foreign currencies received pursuant to Public Law 480 in a manner that will, to the maximum extent possible, reduce any deficit in the balance of payments of the United States.

Section 1204(c) repeals sections 105 (7 U.S.C. 1705), 110 (7 U.S.C. 1710), and 113 (7 U.S.C. 1713) of Public Law 480.

Section 1204(ed) amends section 106 of Public Law 480 with technical and conforming changes, the addition of provisions to require payment terms with respect to Dollar Credit Sales to be no less favorable to the United States than those for development loans made under chapter 1 of part 1 of the Foreign Assistance Act of 1961, to authorize the President, on a case-by-case basis, taking into account the financial resources of a country and commitment to undertake policy reforms to promote economic growth, to waive payment of such aggregate amounts of principal and interest payable under sales agreements for dollars on credit terms entered into under the authority of title I with respect to any relatively least developed country (as determined on the basis of criteria comparable to those used for the United Nations Development Pro-

gram list of 'least developed countries') or any other country in Sub-Saharan Africa, if—

(1) an International Monetary Fund standby agreement is in effect with respect to that country;

(2) a structural adjustment program of the International Bank for Reconstruction and Development or of the International Development Association is in effect with respect to that country;

(3) a structural adjustment facility or enhanced structural adjustment facility with the International Monetary Fund is in effect with respect to that country; or

(4) even though such an agreement, program or facility is not in effect, the country is pursuing national economic policy reforms that would promote democratic, market oriented, and long term economic development,

but limits the aggregate amount of principal and interest that may be waived under section 106(a)(2) to no more than the amount approved for such purposes by appropriation.

Section 1203(e) also amends section 106(b)(1) to require agreements under title I for the sale for dollars on credit terms or donation of agricultural commodities to include requirements that an amount equal to the proceeds from the sale of the commodities in the recipient country are used for such economic development purposes as are agreed upon in the grant or sales agreement or any amendment thereto and to require the United States in negotiating such agreements with recipient countries, to emphasize the use of such proceeds for purposes that directly improve the lives of the poorest of their people and their capacity to participate in the development of their countries and to carry out programs in accordance with sections 109 and 406(a)(1) of Public Law 480 and strikes sections 106(b)(2) and 106(b)(3) of such Act. Section 1203(e) also provides that proceeds under this section may not be used to finance the production of agricultural commodities or the products thereof that will compete as determined by the President in world markets with similar agricultural commodities or the products thereof produced in the United States, where such competition will cause substantial injury to United States producers.

Section 1203(e) amends section 108 of Public Law 480 (7 U.S.C. 1708). The amended section 108 prohibits agreements for sales for foreign currency in a developing country for use under section 108 from being entered into the extent that such agreements would generate currency in amounts that cannot be productively used and absorbed in the private sector of such country.

The amended section 108 also provides that no currency made available under section 108 may be used to finance the production for export of agricultural commodities or the products thereof that will compete, as determined by the President, in world markets with similar agricultural commodities or the products thereof produced in the United States, where such competition will cause substantial injury to United States producers and authorizes the President when entering into a loan agreement under section 108 to agree to reduce the repayment obligation of a financial intermediary in an amount not to exceed 80 percent of the principal losses suffered by the financial intermediary in connection with loans

made by it with funds borrowed under this section and used in accordance with the requirements of section 108 and the loan agreement.

The amended section 108 also requires currencies repaid by financial intermediaries to be used as provided in section 108(d)(2)(A), (B), or (C) or to be used in furtherance of the policies of section 108 to promote joint or cooperative ventures between private firms or individuals in the developing countries and United States firms, individuals, and organizations, including without limitation cooperatives, private voluntary organizations, and land grant colleges and universities.

Section 1203(f) amends section 109 of Public Law 480 (7 U.S.C. 1709).

The amended section 109(a) requires a proposed recipient country, to be eligible to enter into agreements for the grant or sale of United States agricultural commodities under title I, to undertake self-help measures for economic development purposes in order to improve food security and agricultural development, alleviate poverty, and promote broad-based economically and environmentally sustainable growth through such activities as the following:

(1) fostering increased agricultural production (with emphasis on small farms), processing, forestry management, land and water management;

(2) fostering the availability of agricultural inputs necessary for agricultural growth;

(3) improving marketing, storage, transportation and distribution systems;

(4) promoting and developing credit policies for private-sector agricultural development;

(5) promoting increased access to food supplies through the encouragement of policies and programs designed to increase employment and incomes within the country;

(6) promoting free and open markets;

(7) establishing and maintaining government policies to ensure adequate incentives to producers;

(8) establishing and expanding institutions for basic and applied agricultural research and use of such research through development of extension services;

(9) carrying out voluntary family planning, including increased access to voluntary family planning services;

(10) carrying out programs promoting improved health and self-sustaining primary health care systems;

(11) supporting programs to improve the health of the poor, focusing on the special health needs of children and mothers; and

(12) preservation of biological diversity.

The amended section 109(a) also requires the President, in negotiating the terms of an agreement under title I, to take into consideration the overall development strategy of the recipient country and any other United States development activities in that country and requires an agreement with the recipient country under title I to be, to the extent practicable, entered into not later than November 30 of the first fiscal year in which such commodities are to be shipped under the agreement.

Section 1203(g) makes technical and conforming changes to section 112 of Public Law 480.

Section 1203(h) amends section 115(b) to provide that any supplier of a commodity or ocean transportation who fails to file a report or who files a false report shall be ineligible to furnish commodities or ocean transportation under title I for a period of not more than 5 years.

Section 1205—Amendments to Title II

Section 1205(a) makes technical and conforming changes to section 201 of Public Law 480 (7 U.S.C. 1721).

Section 1205(b) amends section 207(c) (7 U.S.C. 1726a(c)) by adding a new subsection that authorizes not less than $10,000,000 and not more than $13,500,000 of the amounts made available in each fiscal year to nonprofit voluntary organizations and cooperatives under title II to be made available by the President to such organizations and cooperatives to assist in—

(1) establishing new programs under this title; and

(2) meeting specific administrative, management, personnel and internal transportation and distribution costs for carrying out programs in foreign countries under title II,

requires nonprofit voluntary organizations or cooperatives, in order to receive funds made available under section 207(c)(1) to submit a request, to be approved by the President, for such funds when submitting a proposal to the President for an agreement under this title, and requires the request for funds to include a specific explanation of—

(1) the program costs to be offset by such funds;

(2) the reason why such funds are needed in carrying out the particular assistance program; and

(3) the degree to which such funds will improve the provision of food assistance to countries of the world (particularly those in sub-Saharan Africa suffering from acute, long-term food shortages).

Section 1205(c) amends title II by adding a new section 209 that requires the President to establish a Food Aid Advisory Group composed of the Administrator of the Agency for International Development and the Secretary of Agriculture, or their designees, and representatives of nonprofit voluntary agencies and cooperatives to provide advice on the implementation of programs under title II.

Section 1206—Repeal of Title III

Section 1206 repeals title III.

Section 1207—Amendments to Title IV

Section 1207(a) amends section 401 of Public Law 480 (7 U.S.C. 1731).

The amended section 401(a) requires the Secretary to make a determination of the availability of agricultural commodities prior to the beginning of each fiscal year.

The amended section 401(b) directs the President, in making agricultural commodities available under title I, to consider the time of harvest of any competing commodities in the recipient country

and such other concerns determined to be appropriate by the President.

The new section 401(c) directs the Secretary, in implementing Public Law 480, to the extent practicable, to seek to maintain a stable level of available agricultural commodities of the kind and type needed to provide food assistance to developing countries and to seek to make such commodities available to the degree necessary to fulfill multiyear agreements entered into under Public Law 480.

Section 1207(b) amends section 402 (7 U.S.C. 1732) by amending the definition of the term "agricultural commodity" to include all ingredients contained in products of such commodities produced in the United States, if available, and provided under title II.

Section 1207(c) amends section 406 of Public Law 480 (7 U.S.C. 1736).

The amended section 406(a) authorizes the President, in order to further assist developing countries, middle-income countries, and emerging democracies to increase farm production and farmer incomes, to—

(1) establish and administer a program of farmer-to-farmer assistance between the United States and such countries to assist in increasing food production and distribution and improving the effectiveness of the farming and marketing operations of such farmers;

(2) utilize United States farmers, agriculturalists, land grant universities, private agribusinesses, and non-profit farm organizations to work in conjunction with farmers and farm organizations in such countries, on a voluntary basis, to facilitate the improvement of farm and agribusiness operations and agricultural systems in such countries, including animal care and health, field crop cultivation, fruit and vegetable growing, livestock operations, food processing and packaging, farm credit, marketing, inputs, agricultural extension, and the strengthening of cooperatives and other farmer groups;

(3) transfer the knowledge and expertise of United States agricultural producers and businesses, on a person-to-person basis, to such countries while enhancing the democratic process by supporting private and public agriculturally-related organizations who request and support technical assistance activities through cash and in-kind services;

(4) enter into contracts, cooperative agreements, or make grants to private voluntary organizations, cooperatives, land grant universities, private agribusiness or non-profit farm organizations, to the extent practicable, to carry out this section;

(5) coordinate programs established under this section with other foreign assistance activities carried out by the United States; and

(6) to the extent practicable, augment the funds available for programs established under this section through the use of foreign currencies that accrue from the sale of agricultural commodities under this Act, and local currencies generated from other types of foreign assistance activities.

The amended section 406(b) defines, for the purposes of section 406, the terms "emerging democracy", and "middle income country".

The amended section 406(c) requires not less than 0.2 percent of the amounts made available for each of the fiscal years 1991 through 1995 to carry out Public Law 480, in addition to any funds that may be specifically appropriated to carry out section 406, to be used to carry out programs under section 406, with not less than 0.1 percent to be used for programs in developing countries.

Section 1207(d) amends section 407 of Public Law 480 (7 U.S.C. 1736a).

The amended section 407(a) provides that no person may act as an agent, broker, consultant, or other representative of—

(1) the Federal Government;

(2) an importer; or

(3) an importing country in connection with commodities provided under Public Law 480 during a fiscal year in which such person acts as an agent, broker, consultant, or other representative of a person engaged in providing ocean transportation or transportation-related services for such commodities.

Section 407(a) also defines, for the purposes of section 407(a), the term "transportation-related services" to mean lightening, stevedoring, bagging, or inland transportation to the destination point.

The amended section 407(b) prohibits the financing of any purchase of agricultural commodities from private stock or purchase of ocean transportation services by the Federal Government under Public Law 480 unless such purchases are made on the basis of full and open competition utilizing such procedures as are determined necessary and appropriate by the President.

The amended section 407(c) provides that no commission, fees, or other payments to an agent, broker, consultant or other representative of the importer or importing country for ocean transportation brokerage services in connection with the transportation of commodities provided under Public Law 480 may be paid in excess of an amount determined appropriate by the President.

Section 1207(e) amends section 408 of Public Law 480 (7 U.S.C. 1736b).

The amended section 408(a) directs the President to submit a statement to Congress not later than June 1 of each fiscal year specifying the agreements signed under Public Law 480 for that fiscal year and requires such statement to specify for each country with which there is an agreement under Public Law 480 for that fiscal year, the amount that country requested and is receiving under the Food for Progress Act of 1985, section 416 of the Agricultural Act of 1949, title I and title II of Public Law 480.

The amended section 408(a) also requires the statement to indicate for each country, with respect to title II—

(1) the quantity provided through the World Food Program, nonprofit voluntary agencies or cooperatives (identified by name), or government-to-government agreements;

(2) the type and quantity of each commodity provided; and

(3) the quantity provided for each program category.

The new section 408(e) directs the President to, not later than the end of the fiscal year, submit a statement to Congress on the number of requests submitted and the number of requests approved under section 207 for that fiscal year for the generation of

foreign currency proceeds, the amount of foreign currency proceeds generated, and a summary of the uses of such proceeds.

The new section 408(f) directs the President to submit to the Committee on Agriculture and the Committee on Foreign Affairs of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate, on World Food Day, October 16 of each year, a report, prepared with the assistance of the Secretary of Agriculture and the Administrator of the Agency for International Development, assessing progress towards food security in each country receiving United States government food assistance.

Section 1207(f) amends section 413 of Public Law 480 (7 U.S.C. 1736g).

The amended section 413 requires commodities provided under Public Law 480 to be made available on a multiyear basis, subject to the requirements of section 401 and the availability of appropriations, unless—

(1) the past performance of the country in meeting program objectives does not warrant a multiyear agreement;

(2) it is anticipated that the need of the country for food aid does not extend beyond one year, or

(3) other circumstances, as determined by the President, indicate there is only a need for a one-year agreement.

Section 1208—Program regulations

Section 1208(a) directs the President to provide for the issuance of regulations to revise the existing regulations to implement the Agricultural Trade Development and Assistance Act of 1954, including all provisions necessary or appropriate to implement the amendments made by subtitle B of title XII.

Section 1208(b) requires the regulations specified in section 1208(a) to be issued in proposed form no later than 6 months after the date of enactment of the Food and Agricultural Resources Act of 1990 and in final form no later than 1 year after the date of enactment of such Act.

Section 1208(c) requires the regulations issued under section 1208 to implement title II of the Agricultural Trade Development and Assistance Act of 1954 to, in addition to such other provisions as the President determines appropriate—

(1) simplify procedures for participation in the programs established under that title;

(2) reduce paperwork requirements under such programs;

(3) establish reasonable and realistic accountability standards to be applied to nonprofit voluntary organizations and cooperatives participating in the programs established under that title, taking into consideration the problems associated with carrying out programs in developing countries; and

(4) provide flexibility for carrying out programs under that title.

Section 1209—Food for progress

Section 1209 amends section 1110 of the Food Security Act of 1985 (7 U.S.C. 1736o) by extending the Food for Progress program through 1995.

The amended section 1110(h) provides that no person may act as an agent, broker, consultant, or other representative of—

(A) the Federal Government,

(B) an importer, or

(C) an importing country

in connection with commodities provided under section 1110 during a fiscal year in which such person acts as an agent, broker, consultant, or other representative of a person engaged in providing ocean transportation or transportation-related services for such commodities. Section 1110(h) also defines, for the purposes of section 1110(h)(2), the term "transportation-related services" to mean lightening, stevedoring, bagging, or inland transportation to the destination point.

The amended section 1110(h) also provides that no purchase of agricultural commodities from private stock or purchase of ocean transportation services by the Federal Government may be financed under section 1110 unless such purchases are made on the basis of full and open competition utilizing such procedures as are determined necessary and appropriate by the President, and provides that no commission, fees, or other payments to an agent, broker, consultant or other respresentative of the importer or importing country for ocean transportation brokerage services in connection with the transportation of commodities provided under section 1110 may be paid in excess of an amount determined appropriate by the President.

Section 1210—Amendment to Section 416

Section 1210 amends section 416(b) of the Agriculture Act of 1949 by adding a new paragraph that provides that:

(1) No person may act as an agent, broker, consultant, or other representative of—

(A) the Federal Government,

(B) an importer, or

(C) an importing country

in connection with commodities provided under section 416(b) during a fiscal year in which such person acts as an agent, broker, consultant, or other representative of a person engaged in providing ocean transportation or transportation-related services for such commodities. The amended section 416(b) also defines, for the purposes of section 416(b)(12)(A) the term "transportation-related services";

(2) No purchase of agricultural commodities from private stock or purchase of ocean transportation services by the Federal Government may be financed under section 416(b) unless such purchases are made on the basis of full and open competition utilizing such procedures as are determined necessary and appropriate by the President;

(3) No commission, fees, or other payments to an agent, broker, consultant or other representative of the importer or importing country for ocean transportation brokerage services in connection with the transportation of commodities provided under section 416(b) may be paid in excess of an amount determined appropriate by the President.

SUBTITLE B—EXPORT PROMOTION

Section 1211--Amendment to the Agricultural Trade Act of 1978

Section 1221 amends titles I through IV of the Agricultural Trade Act of 1978 (7 U.S.C. 1761 et seq.).

The amended section 101 defines, for the purpose of the Agricultural Trade Act of 1978, the terms "agricultural commodity", "developing country", "Secretary", "unfair trade practice", "United States", "United States agricultural commodity", and "fish entirely produced in the United States".

U.S. agricultural commodities are commodities that are produced entirely in the United States. For example, wheat grown entirely within the borders of the United States is a U.S. agricultural commodity. Conversely, a commodity that is produced partly in a foreign country, and then shipped to the U.S., is clearly not a U.S. agricultural commodity. Similarly, a commodity that is produced entirely outside of the United States is not a U.S. agricultural commodity.

If the agricultural component parts of a product of agricultural commodities are all entirely produced in the U.S., then the product is a product of U.S. agricultural commodities. Alternatively, the Secretary may designate other U.S. agricultural products that contain agricultural components that are not entirely produced in the United States when (1) such components are an added de minimis or minor part of the product, (2) the component part is not commercially available in the United States, and (3) there is no acceptable substitute that is produced entirely within the United States. Commercial entities, wishing to participate in GSM-102 and GSM-103, under this exception, should be in a position to provide USDA with the necessary documentation to establish that these conditions have been met.

The amended section 102 requires the Secretary to obtain certification with respect to commodities provided, or for which financing or credit guarantees are provided, under any commercial export promotion program of the Department of Agriculture or Commodity Credit Corporation—

(1) from countries, or importers in countries, that were the intended destination of agricultural commodities under such program that such commodities were received in that country; and

(2) from the seller or exporter of record of such commodities that there were no corrupt bonuses, extra sales services, or other items than those so provided, financed or guaranteed in connection with the transaction, and that the transaction complied with applicable United States law.

The amended section 103(a) directs the Secretary, with respect to each commercial export promotion program of the Department of Agriculture or the Commodity Credit Corporation, to—

(1) specify by regulation the criteria used to evaluate and approve proposals for that program;

(2) monitor the progress of each proposal, specifying in a central system—

(A) the origin of the proposal;

(B) arguments supporting the proposal;

(C) arguments against the proposal;

(D) recommended action at the various stages of consideration; and

(E) the disposition of the proposal;

(3) provide for regular audits of program transactions to determine compliance with program objectives and requirements; and

(4) in the event any audit discloses noncompliance with program objectives or requirements, determine promptly whether in light of such noncompliance to suspend or debar the noncomplying party from further participation in one or more of the programs under this title, affording the alleged noncomplying party opportunity for an agency hearing.

The amended section 103(b) requires information pertaining to a particular proposal to be retrievable within the central system by country, commodity, proposal, and other appropriate categories, including participating financing institutions.

The amended section 103(c) directs the Secretary to contract with an appropriate management consulting firm to obtain from that firm detailed recommendations on how to improve the implementation of this section and, generally, the management information systems of the Department of Agriculture and Commodity Credit Corporation with respect to such agencies' commercial export promotion programs.

The amended section 104 states Congressional findings of policy with regard to agricultural exports.

The amended section 105(a) directs the Secretary to develop general United States agricultural export marketing goals, including increasing exports of United States processed, value-added agricultural products, and to ensure that the commercial export promotion programs of the Department of Agriculture and Commodity Credit Corporation have a coordinated strategy to achieve those goals.

The amended section 105(b) directs the Secretary, not later than November 15 of each of the fiscal years 1992 through 1995, to report to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate regarding—

(1) the actions the Secretary has taken the previous year to increase exports of United States processed, value added agricultural products and the problems encountered in achieving such goal;

(2) the Secretary's plans for the coming year to increase exports of United States processed, value-added agricultural products; and

(3) the Secretary's recommendations, if any, for further legislation needed to obtain the optimum national objectives with respect to the policy stated in section 104.

The amended section 106(a) authorizes the Secretary to, for each article described in section 106(a)(2), make available some or all of the commercial export promotion programs of the Department of Agriculture and the Commodity Credit Corporation to help mitigate or offset the unfair trade practice serving as the basis for the proceeding therein described.

Section 106(a) also makes section 106(a)(1) applicable in the case of articles for which the United States has—

(A) instituted any dispute settlement proceeding under any international trade agreement, and

(B) such proceeding has been prevented from progressing to a decision by the refusal of the party maintaining the unfair trade practice to permit the proceeding to progress.

The amended section 106(b) directs the Secretary to, for any article described in section 106(a)(2)—

(1) promptly consult with representatives of the industry producing such articles and other allied groups or individuals regarding specific actions or the development of an integrated marketing strategy utilizing some or all of the commercial export promotion programs of the Department of Agriculture and the Commodity Credit Corporation to help mitigate or offset the unfair trade practice identified in section 106(a)(2); and

(2) ascertain and take into account the industry preference for the practical use of available commercial export promotion programs in implementing section 106(a)(1).

The amended section 107 directs the Secretary, in implementing programs of the Department of Agriculture intended to encourage or assist exports of agricultural commodities, to seek to preserve traditional markets for agricultural commodities.

The amended section 108 provides that each authority granted under the Agricultural Trade Act of 1978 is in addition to, and not in lieu of, any authority granted to the Secretary or the Commodity Credit Corporation under any other provision of law.

The amended section 109 provides that expenditures for programs under the Agricultural Trade Act of 1978 be considered to be expenditures for export promotion and not expenditures for any price support program.

The amended section 201(a) directs the Commodity Credit Corporation to carry out in accordance with section 201 a program to discourage unfair trade practices by making United States agricultural commodities competitive.

The amended section 201(b) authorizes the Commodity Credit Corporation, in carrying out the program established under section 201, to—

(1) make agricultural commodities, acquired by the Commodity Credit Corporation, available to exporters, users, processors, or foreign purchasers at no cost either directly or through the issuance of commodity certificates; and

(2) make cash payments to exporters, users, and processors.

The amended section 201(b) also directs the Commodity Credit Corporation to—

(1) maintain an established procedure for evaluating program bonus requests, with guidelines for determining prevailing market prices for targeted commodities and destinations to be used in the calculation of acceptable bonus levels;

(2) use a clear set of established procedures for measuring transportation and incidental costs to be used in the calculation of acceptable bonus levels and for determining the amount of such costs actually incurred; In the provision dealing with

transportation and incidental costs, it is the Committee's desire that the Secretary use updated world cost estimates for establishing or measuring transportation and incidental costs associated with exporting the appropriate commodity.

(3) in the case of livestock and livestock products, develop a methodology to determine the world price and gather and analyze appropriate price and cost of production information in foreign countries for the purpose of price discovery and to aid sales in foreign markets, and publish such information periodically; and

(4) maintain consistent and effective controls and procedures for auditing and reviewing payment of bonuses and for securing refunds where appropriate.

The amended section 201(b) also authorizes the Secretary to, notwithstanding the provisions of 5 U.S.C. 552, provide for withholding from the public the procedures and guidelines established under section 201(b)(2)(A) and (B) if the Secretary determines that release of such information would adversely affect the operation of the program, and provides that nothing in section 201(b)(3) may be construed to authorize the withholding of information, including such procedures and guidelines, from Congress.

The amended section 201(b) further directs the Secretary to ensure that commodities exported under the program arrive at the specified destination country, authorizes the Secretary to provide for an exception if such arrival does not occur due to force majeure, and directs the Secretary to provide that in the case commodities exported under the program established under this section fail to arrive at the specified destination country, except as provided under section 201(b)(4)(A)—

(1) any person receiving, or who otherwise would receive, a bonus under this section in connection with such commodities will be liable for the amount of such bonus and will be ineligible for participation in the program established under this section for a period of up to 5 years, unless such failure was beyond the control of such person and without negligence or acquiescence on the part of such person; and

(2) if such failure is attributable in whole or in part to the specified destination country, no bonus is made available for exports to such country for a period of 1 year or more.

The amended section 201(b) also makes any person who engages in any scheme or device to circumvent the provisions of this paragraph ineligible to participate in the program established under section 201 for a period of up to 5 years and directs the Secretary to provide that no bonus is made available under the program established under section 201 for exports to any country that engages in any scheme or device to circumvent the provisions of section 201(b)(4) for a period of at least one year.

The amended section 201(b) provides that the remedies provided under section 201(b)(4) are in addition to any remedy available under any other provision of law and directs the Secretary to take such action as is necessary to ensure that equal treatment is provided to domestic and foreign purchasers and users of agricultural commodities in any case in which the importation of a manufactured product made, in whole or in part, from a commodity made

available for export under section 201 would place domestic users of the commodity at a competitive disadvantage.

The amended section 201(b) also authorizes the Commodity Credit Corporation to provide to a United States exporter, user, or processor, or foreign purchaser, under the program established under section 201, agricultural commodities of a kind different than the agricultural commodity involved in the transaction for which assistance under this section is being provided, and to provide bonuses under section 201 in conjunction with other export promotion programs conducted by the Secretary or the Commodity Credit Corporation.

The amended section 201(c) directs the Commodity Credit Corporation to give priority, in the case of proposals for bonuses for dairy cattle or other appropriate livestock, to proposals that include in connection with the purchase of the livestock appropriate herd management training, veterinary services, nutritional training and other technical assistance necessary for the adaption of the livestock to foreign environments.

This section provides priority in the case of proposals for bonuses for dairy cattle and other appropriate livestock under the Export Enhancement Program (EEP) that include appropriate types of training, services, and other technical assistance necessary for the proper adaptation of livestock to foreign environments.

The amended section 201(d) provides that any price restrictions that otherwise may be applicable to dispositions of agricultural commodities owned by the Commodity Credit Corporation do not apply to agricultural commodities provided under this section.

The amended section 201(e) directs the Secretary, in the administration of the program established under this section, to require exporters, users, or processors who receive bonuses under the program to maintain all records concerning a program transaction for a period of 5 years from the completion of the program transaction and permit the Secretary to have full and complete access to the records of the exporter, user, or processor relating to the program transaction for the 5-year period following the completion of the program transaction and authorizes the Secretary to require exporters, users, or processors participating in the program to make available for 5 years after completion of the program transaction all books and other records concerning transactions other than program transactions for purposes of program oversight and administration.

The amended section 201(f) directs the Commodity Credit Corporation to make available for each of the fiscal years 1991 through 1995 not less than $500,000,000 of the funds or commodities of the Commodity Credit Corporation to carry out the program established under section 201 and provides that not more than 10 percent of the funds and commodities made available for a fiscal year to carry out the program established under section 201 may be made available to promote the export of agricultural commodities described in section 101(6)(B)(ii).

The amended section 202(a) requires the Commodity Credit Corporation to establish and carry out a program to encourage the development, maintenance, and expansion of commercial export markets for agricultural commodities through cost-share assistance to

eligible trade organizations that implement a foreign market development program.

The amended section 202(b) provides that assistance under section 202 must be provided in the form of funds of, or commodities owned by, the Commodity Credit Corporation, as determined appropriate by the Secretary.

The amended section 202(c) requires an organization, to be eligible for assistance under section 202, to—

(1) be an eligible trade organization;

(2) prepare and submit a marketing plan to the Secretary that meets the guidelines governing such plans established by the Secretary; and

(3) meet any other requirements established by the Secretary,

and directs the Secretary to provide assistance under section 202 on a priority basis in the case of an unfair trade practice.

The amended section 202(d) requires an eligible trade organization to be—

(1) an organization that promotes the export and sale of agricultural commodities and that does not stand to profit directly from specific sales of agricultural commodities;

(2) a cooperative organization or State agency that promotes the sale of agricultural commodities; or

(3) a private organization that promotes the export and sale of agricultural commodities if the Secretary determines that such organizations would significantly contribute to United States export market development.

The amended section 202(e) provides that a marketing plan submitted by an eligible trade organization under section 202 must describe the advertising and other export promotion activities to be carried out by the eligible trade organization with respect to which assistance under section 202 is being requested and requires such plan, in order to be approved by the Secretary, to—

(1) specifically describe the manner in which assistance received by the eligible trade organization in conjunction with funds and services provided by the eligible trade organization will be expended in implementing the marketing plan;

(2) establish specific market goals to be achieved as a result of the marketing promotion program; and

(3) contain whatever additional requirements are determined by the Secretary to be necessary.

The amended section 202(e) also provides that a marketing plan may be amended by the eligible trade organization at any time, with the approval of the Secretary, and that an agreement entered into under section 202 may provide for the use of branded advertising to promote the sale of agricultural commodities in a foreign country under such terms and conditions as may be established by the Secretary.

The amended section 202(f) authorizes the Secretary to provide assistance under section 202 on a multiyear basis, subject to annual review for compliance with the approved marketing plan by the Secretary and to terminate any assistance made, or to be made, available under section 202 if the Secretary determines that—

(1) the eligible trade organization is not adhering to the terms and conditions of the program established under this section;

(2) the eligible trade organization is not implementing the approved marketing plan or is not adequately meeting the established goals of the marketing promotion program;

(3) the eligible trade organization is not adequately contributing its own resources to the marketing promotion program;

(4) the unfair trade practice that was the basis of the provision of assistance has been stopped and marketing assistance is no longer required to offset its effect; or

(5) the Secretary determines that termination of assistance in a particular instance is in the best interest of the program.

The amended section 202(f) also directs the Secretary to monitor the expenditure of funds received under section 202 by recipients of such funds to make evaluations of such expenditure, including—

(1) an evaluation of the effectiveness of the program in developing or maintaining markets for United States agricultural commodities;

(2) an evaluation of whether assistance provided under this section is necessary to maintain such markets; and

(3) a thorough accounting of the expenditure of such funds by the recipient and to make an initial evaluation not later than 15 months after the initial provision of funds to the recipient.

The amended section 202(f) also requires an eligible trade organization that received assistance under section 202 to maintain all records concerning the use of assistance under this program for a period of 5 years after completion of the program transaction and to permit the Secretary to have full and complete access to the financial records of the organization relating to the use of assistance under this program while such organization is a participant in the program and for a period of 5 years thereafter and authorizes the Secretary to require eligible trade organizations participating in the program to make available for 5 years after completion of the program transaction all books and other records concerning transactions other than program transactions for purposes of program oversight and administration.

The amended section 202(f) also directs the Secretary to justify in writing the level of assistance provided to an eligible trade organization under the program and the level of cost-sharing required of such organization, and limits assistance provided under section 202 to private organizations for activities described in section 202(e)(4) to not more than 50 percent of the cost of implementing the marketing plan. Criteria for determining that cost must be consistent and such must be documented. In establishing the level of assistance, USDA is encouraged to do so with the objective of helping leverage farmers' own efforts through their cooperatives to the maximum extent practicable.

The amended section 202(g) directs the Commodity Credit Corporation to make available assistance under section 202 at a level not less than $200,000,000 for each of the fiscal years 1991 through 1995.

The amended section 202(h) directs the Secretary to establish as an objective reserving an amount of assistance provided under this section for the benefit of applicants whose applications have been forwarded to the Secretary by the 4 regional non-profit export trade associations established by a number of States in cooperation with the Foreign Agricultural Service, Department of Agriculture, and for the benefit of the National Association of State Departments of Agriculture for purposes such as the conduct of export promotion trade fairs and other export promotional activities.

The amended section 202(h) also provides that the desired amounts of assistance should be provided at levels no less than the following schedule of set-aside funding:

(1) 10 percent in fiscal year 1991,
(2) 11 percent in fiscal year 1992,
(3) 12 percent in fiscal year 1993,
(4) 13 percent in fiscal year 1994, and
(5) 14 percent in fiscal year 1995

as the Secretary may determine will best effectuate the goals of section 202.

Section 203—Equitable Treatment of High-Value and Value-Added United States Agricultural Commodities

The amended section 203 directs the Secretary, in the case of any program, such as that established under section 201, operated by the Secretary or the Commodity Credit Corporation during the years 1991 through 1995, for the purpose of discouraging unfair trade practices, to establish as an objective to expend annually at least 25 percent of the total funds available (or 25 percent of the value of any commodities employed) for program activities involving the export sale of high-value agricultural commodities and value-added products of United States agricultural commodities.

The amended section 301(a) requires all exporters of wheat and wheat flour, feed grains, oil seeds, cotton and products thereof, and other commodities the Secretary may designate produced in the United States to report to the Secretary of Agriculture, on a weekly basis, the following information regarding any contract for export sales entered into or subsequently modified in any manner during the reporting period:

(1) type, class, and quantity of the commodity sought to be exported;
(2) the marketing year of shipment; and
(3) destination, if known.

The amended section 301(a) also provides that individual reports must remain confidential in accordance with subsection (c) but must be compiled by the Secretary and published in compilation form each week following the week of reporting and requires all exporters of agricultural commodities produced in the United States to upon request of the Secretary of Agriculture immediately report to the Secretary any information with respect to export sales of agricultural commodities and at such times as the Secretary may request and if the Secretary requires that such information be reported by exporters on a daily basis, the information com-

piled from individual reports must be made available to the public daily.

The amended section 301(a) also authorizes the Secretary to, with respect to any commodity or type or class thereof during any period in which the Secretary determines that there is a domestic supply of such commodity substantially in excess of the quantity needed to meet domestic requirements, and that total supplies of such commodity in the exporting countries are estimated to be in surplus, and that anticipated exports will not result in excessive drain on domestic supplies, and that to require the reports to be made will unduly hamper export sales, provide for such reports by exporters and publishing of such data to be on a monthly basis rather than on a weekly basis.

The amended section 301(b) directs the Secretary to require each person making a commercial export of any agricultural commodity or product thereof (hereinafter in this section referred to as a "good") that is determined by the Secretary to be of commercial significance, before or upon that exportation, to report the quantity of such good so exported, and the percentage of the agricultural components produced in the United States and percentage produced in a foreign country by value and weight, and to also report such percentages by crop year and type, if necessary or appropriate to determine the identity of the United States and foreign agricultural components of the good exported. It is the Committee's intent that this information be aggregate in nature, and draw upon preexisting records that are maintained in the ordinary course of business. It is not the intention of the Committee to establish burdensome new recordkeeping requirements or disrupt routine food processing operations. The Secretary is encouraged to make decisions to implement these provisions while at the same time the Secretary does not take actions that adversely affect U.S. exports of agricultural commodities or products thereof.

The amended section 301(b) also exempts from the reporting requirements any information that cannot be obtained from records maintained in the ordinary course of business, authorizes the Secretary to establish codes to identify the type and characteristics of each commodity for the purposes of reports under section 301(b)(1), and requires individual reports to remain confidential in accordance with section 301(c) but to be compiled by the Secretary and published in compilation form on a quarterly basis. In addition to allowing the Secretary necessary latitude to achieve the objectives specified, a clear exemption is provided in the reporting requirement for information that cannot be obtained from records maintained in the ordinary course of business. This exemption is intended to apply to situations where there is no reasonable expectation that records would be kept, there are indeed no records kept, or where keeping records as to content would involve additional expense that would severely hamper the operation of one's business venture. The exemption would also apply where keeping records might be impractical or unworkable, and would not achieve the purpose of this provision. This exemption is not intended to apply to situations where an individual does not choose to provide information because he or she is of the opinion that such information should not be provided for any number of business reasons. The

purpose of this exemption is to provide legitimate relief for individuals who otherwise would like to comply with the reporting requirement, but are unable to given the circumstances of record keeping in their industry or business.

The Secretary is directed to utilize codes for the purpose of maintaining confidentiality for exporters and their reports. This is done to avoid any improper disclosures of trade secrets which might compromise a particular agricultural product.

Further, the Secretary is directed to compile this information in a manner which will give accurate statistics as to U.S. exports of agricultural commodities or products thereof, but which will not discuss individual products and thus, disclose trade secrets.

The amended section 301(c) requires the individually identifiable information contained in reports under section 301 to be kept confidential by the Secretary and by the Department of Agriculture, exempts such information from disclosure under section 552 of title 5, United States Code, provides for a fine under title 18, United States Code, or imprisonment for not more than one year, or both, for any officer or employee in the Department who knowingly discloses, except as required by court order, to the public information made confidential by section 301(c) and provides that nothing in section 301 will be construed to authorize the withholding of information from Congress. The Committee intends that all such reported information be considered confidential by the Secretary and shall not be subject to disclosure except for the summation of such statistics, which are not to be reported on an individually identifiable basis. Officers and employees of the Department of Agriculture are prohibited from disclosing this information to the public or other individuals in the trade, however, Congress should be able to examine individual reports should questions arise regarding the accuracy of the reporting requirement.

The amended section 301(d) subjects any person who knowingly fails to make any report required under section 301 to a fine of not more than $25,000 or imprisonment for not more than one year, or both.

The amended section 301(e) directs the President, notwithstanding any other provision of Law, to not prohibit or curtail the export of any agricultural commodity or the products thereof under an export sales contract (1) entered into before the President announces an action that would otherwise prohibit or curtail the export of the commodity or products thereof, (2) the terms of which require delivery of the commodity or products thereof within 270 days after the date of the suspension of trade is imposed, except that the President may prohibit or curtail the export of any commodity or the products thereof during a period for which the President has declared a national emergency or for which Congress has declared war.

The amended section 401(a) directs the Secretary to submit a report to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate specifying any nongovernmental subsidies provided in any foreign country, and in compiling such report, to give priority to specifying those nongovernmental subsidies provided to livestock and commodities for which there is a price support program

or marketing agreement or order in effect in the United States. Some of the basic issues the Committee would request be explored, through this reporting requirement, are the extent to which private enterprise provides input subsidies in foreign countries, expertise for production, commitments to purchase all production through a contract system of purchases, or through commitments to the foreign government, as well as any other arrangements private enterprise may have with foreign governments, nationals, or foreign enterprises, to directly or indirectly subsidize foreign agricultural production.

The amended section 401(b) directs the Secretary to submit the report specified in subsection (a) no later than 180 days after the date of enactment of the Food and Agricultural Resources Act of 1990, and to submit additional reports at 1 year intervals for each of the next 5 years after the submission of the first report.

Section 1212—Amendments relating to export credit programs

Section 1212 amends section 4(b)(1) of the Food for Peace Act of 1966 (7 U.S.C. 1707a(b)(1)) by adding a new sentence that requires the Commodity Credit Corporation, in making available any assistance under this paragraph with respect to wood and processed wood products, to make such guarantees available under terms and conditions comparable to terms and conditions that apply to other agricultural products.

Section 1212(b) amends section 4(b)(2) of the Food for Peace Act of 1966 (7 U.S.C. 1707a(b)(2)) to require sales to directly benefit United States agricultural producers.

Section 1212(c) amends section 4(b)(10) of the Food for Peace Act of 1966 (7 U.S.C. 1707a(b)(10)) to extend the program through fiscal year 1995 at a program level of not less than $500,000,000 for each fiscal year.

Section 1212(d) amends section 4 of the Food for Peace Act of 1966 (7 U.S.C. 1707a) by adding 5 new subsections.

The new section 4(e) prohibits the Corporation from making credit guarantees available to any country the Secretary determines cannot adequately service the debt associated with the guarantee.

The new section 4(f) makes invalid the relevant export credit guarantee issued under section 4 if the Corporation finds that any exporter or assignee has engaged in fraud or in any scheme, trick or device to misuse or misappropriate any credit guarantee made available under section 4.

The new section 4(g) requires the Secretary to ensure that commodities exported under any program under section 4 arrive at the specified destination country, authorizes the Secretary to provide for an exception if such arrival does not occur due to force majeure, and directs the Secretary to provide that in the case commodities exported under any program under this section fail to arrive at the specified destination country, except as provided under section 4(g)(1)—

(1) any person receiving a credit guarantee under this section in connection with such commodities will be liable for the amount of any amounts paid under such guarantee and will be ineligible for participation in any program under section 4 for

a period of up to 5 years, unless such failure was beyond the control of such person and without negligence or acquiescence on the part of such person; and

(2) if such failure is attributable in whole or in part to the specified destination country, no credit or guarantee is made available under any program under section 4 for exports to such country for a period of 1 year or more.

The new section 4(g) also makes any person who engages in any scheme or device to circumvent the provisions of section 4(g) ineligible to participate in any program under section 4 for a period of up to 5 years and directs the Secretary to provide that no credit or guarantee is made available under any program under this section for exports to any country that engages in any scheme or device to circumvent the provisions of this su ection for a period of at least one year.

The new section 4(g) also provides that the remedies provided under section 4 are in addition to any remedy available under any other provision of law.

The new section 4(h) directs the Commodity Credit Corporation to finance or guarantee under section 4 only United States agricultural commodities, as defined in section 101(6) of the Agricultural Trade Act of 1978 and to not finance or guarantee under section 4 the value of any foreign agricultural component.

The new section 4(i) requires the Secretary, in the administration of the program established under section 4, to require exporters under the program to maintain all records concerning a program transaction for a period of 5 years from the completion of the program transaction and to permit the Secretary to have full and complete access to the records of the exporter relating to the program transaction for the 5-year period following the completion of the program transaction.

The new section 4(i) also authorizes the Secretary to require exporters participating in the program to make available for 5 years after completion of the program transaction all books and other records concerning transactions other than program transactions for purposes of program oversight and administration.

Section 1212(e) amends section 4(b)(5) of the Food for Peace Act of 1966 (7 U.S.C. 1707a(b)(5)) to prohibit the use of intermediate credit financing or guarantees for the purposes of foreign policy.

Section 1212(f) amends section 1125 of the Food Security Act of 1985 (7 U.S.C. 1736t) to extend the short-term export guarantee program through 1995 and to require the Commodity Credit Corporation in making available any guarantees under section (b) with respect to wood and processed wood products, to make such guarantees available under terms and conditions comparable to terms and conditions that apply to other agricultural products.

The new section 1125(e) directs the Commodity Credit Corporation to guarantee under any program conducted under section 1125 only United States agricultural commodities, as defined in section 101(6) of the Agricultural Trade Act of 1978 and to not guarantee under section 1125 the value of any foreign agricultural component.

The new section 1125(f) directs the Secretary, in the administration of the program established under section 1125, the Secretary

to require exporters under the program to maintain all records concerning a program transaction for a period of 5 years from the completion of the program transaction and permit the Secretary to have full and complete access to the records of the exporter relating to the program transaction for the 5-year period following the completion of the program transaction. The Secretary may require exporters participating in the program to make available for 5 years after completion of the program transaction all books and other records concerning transactions other than program transactions for purposes of program oversight and administration.

Section 1213—Market Development Task Force

Section 1213(a) directs the Secretary to establish a task force, to be known as the "Market Development Task Force" (hereinafter referred to in this section as the "Task Force"), to develop foreign market development strategy, coordinate and disseminate information, and provide advice and education to entities, concerning agricultural export markets and domestic trade programs.

Section 1213 (b) provides for the Task Force to be composed of 11 members, of which—

(1) one member must be the Administrator of the Foreign Agricultural Service, or such Administrator's designee;

(2) one member must be the Secretary of Commerce, or such Secretary's designee;

(3) one member must be the United States Trade Representative, or such Representative's designee;

(4) one member must be the Administrator of the Small Business Administration, or such Administrator's designee;

(5) one member must be the Administrator of the Extension Service, or such Administrator's designee;

(6) one member must be the Administrator of the Agricultural Stabilization and Conservation Service, or such Administrator's designee;

(7) one member must be a representative of the National Association of State Departments of Agriculture (NASDA); and

(8) one member must be the special assistant to the President appointed under section 1113 of the Food Security Act of 1985 (7 U.S.C. 1736–1), or such assistant's designee.

Section 1213(c) directs the Administrator of the Foreign Agricultural Service to serve as the Chairperson of the Task Force.

Section 1213(d) provides that a vacancy occurring on the Task Force in a member described in subsection (b)(7) or (b)(8) must be filled in the same manner in which the original appointment was made.

Section 1213(e) directs the Secretary to make available to the Task Force office facilities and equipment necessary to enable the Task Force to effectively carry out its functions and require the members of the Task Force identified in paragraphs (1) through (6) of section 1213(b) to make available to the Task Force such personnel, and authorizes the Secretary to employ such additional staff, as are necessary to enable the Task Force to effectively carry out its functions.

Section 1213(f) directs the Task Force to—

(1) develop a strategy that demonstrates ways in which the Federal Government can support the export of processed products;

(2) coordinate the information available concerning—

(A) the locations of existing and potential agricultural export markets;

(B) the types of commodities and products desirable in such markets;

(C) the existence of trade barriers applicable to such markets;

(D) the existence of Federal trade program opportunities that are available to domestic exporters; and

(E) any other information related to such markets;

(3) disseminate the information described in section 1213(f)(1);

(4) annually produce, publish and disseminate throughout the United States through the Extension Service and through regional trade organizations, a catalog containing information available through the Federal Government concerning such markets;

(5) act as an advisor and consult with State governments to promote the establishment and use of such markets; and

(6) perform any other functions determined appropriate by the Task Force.

Section 1213(g) directs the Task Force to consult with participants in agricultural trade programs, including regional trade organizations, in carrying out the functions of the Task Force.

Section 1213(h) directs the Secretary, not later than 180 days after the date of enactment of this Act, to prepare and submit, to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate, proposed regulations necessary to establish and administer the Task Force.

Section 1213(i) authorizes to be appropriated such sums as may be necessary to carry out this section.

Section 1213(j) provides that the Task Force will cease to exist 5 years after the date of the enactment of section 1213.

SUBTITLE C—AGRICULTURAL TRADE WITH AND FELLOWSHIPS FOR EMERGING DEMOCRACIES AND MIDDLE-INCOME COUNTRIES

Section 1221—Promotion of agricultural exports to emerging democracies

Section 1221(a) directs the Commodity Credit Corporation, for each of fiscal years 1991 through 1995—

(1) to make available not less than $225,000,000 of export credit guarantees for exports to emerging democracies under the program described in section 1125(b) of the Food Security Act of 1985 (7 U.S.C. 1736t(b)), in addition to the amounts required under that section; and

(2) to make available $50,000,000 to guarantee financing, on terms of not less than 3 years nor more than 10 years, for the establishment or improvement of facilities by United States persons in emerging democracies to improve handling, market-

ing, processing, storage, or distribution of imported agricultural commodities if the Secretary of Agriculture determines that such guarantees will promote the export of United States agricultural commodities; and encourages the Commodity Credit Corporation to make available guarantees under section 4(b) of the Food for Peace Act of 1966 (7 U.S.C. 1707a(b)), in addition to the amounts otherwise available under that section, for exports to emerging democracies and directs the Commodity Credit Corporation to give priority under section 1221(a)(2) to opportunities or projects identified under subsection (b).

Section 1221(b) requires the Secretary of Agriculture to make available to emerging democracies the expertise of the United States to make assessments of the food system needs of such democracies, make recommendation on measures necessary to enhance the effectiveness of those systems, and identify specific opportunities and projects to enhance the effectiveness of those systems, in order to develop, maintain or expand markets for United States agricultural exports.

Section 1221(b) also requires the Secretary to implement section 1221(b) with respect to at least 3 such countries in each fiscal year.

Section 1221(b) also (1) directs the Secretary to implement the requirements of section 1221(b)(1)—

(A) by providing assistance to teams consisting primarily of United States agricultural consultants and government officials expert in assessing the food and rural business systems of other countries to enable such teams to conduct the assessments, make the recommendations, and identify the opportunities and projects specified in paragraph (1) in emerging democracies; and

(B) by providing necessary subsistence expenses in the United States and necessary transportation expenses by individuals designated by emerging democracies to enable such individuals to consult with food and rural business system experts in the United States to enhance such systems of such emerging democracies. The Committee intends that the government officials and individuals from the private sector who are authorized to carry out the assessments provide independent, objective professional advice in their areas of expertise and have experience in making accurate and valid assessments and recommendations for agricultural and rural entrepreneurship and market potential. Private sector representatives should include private agribusiness groups such as the American Society of Agricultural Consultants, and with regard to nonagricultural rural business interests, university representatives such as rural development and rural business specialists from both Extension and the Small Business Development Centers. Members of the assessment team may also include farmers who have proven themselves expert in the operation of crop and food systems within the U.S. It is necessary that all such persons have an understanding of and "hands-on" experience with agricultural and rural private enterprise operations.

(2) Directs the Secretary to encourage the nongovernmental experts described in section 1221(b)(2)(B) to share the costs of,

and otherwise assist in, the participation of such experts in the program under section 1221(b); and

(3) Authorizes the Secretary to provide technical assistance to implement the recommendations, or in connection with the opportunities or projects identified, under paragraph (1);

(4) Requires a team that receives assistance under section 1221 paragraph (2)(b)(2)(A) shall prepare such reports as the Secretary may require;

(5) Directs the Secretary to annually submit to the Committee on Agriculture, Nutrition and Forestry of the Senate and the Committee on Agriculture of the House of Representatives, a report summarizing the activities carried out under this subsection, including a summary of the assessments and recommendations prepared under this subsection, and directs the Secretary to also make the assessments and recommendations available to the public;

(6) Directs the Secretary, in order to provide information that may be adequate in carrying out the provisions of this subsection, to establish an advisory committee composed of representatives of the various sectors of the food system of the United States.

(7) Directs the Secretary to implement this subsection through the funds and facilities of the Commodity Credit Corporation and provides that the authority provided under section 1221(b) is in addition to and not in place of any other authority of the Secretary or the Commodity Credit Corporation;

(8) Directs the Secretary to provide assistance under section 1221(b) of not more than $10,000,000 in any fiscal year.

Section 1221(c) defines, for purposes of section 1221, the term "emerging democracy".

It is the Committee's intention that the assessments not be limited to just those emerging democracies in Eastern Europe.

The Committee strongly urges the Secretary to extend credits to countries or entities within countries that would most likely buy or continue to buy agricultural commodities and the materials or expertise needed to build the facilities from the United States.

Section 1222—Agricultural fellowship program for middle-income countries and emerging democracies

Section 1222(a) requires the Secretary of Agriculture to establish a fellowship program for middle-income countries and emerging democracies to provide fellowships to persons from eligible countries who specialize in agriculture for study in the United States.

Section 1222(b) makes countries that meet the following requirements be eligible to participate in the program established under section 1222:

(1) A middle-income country means a country that—

(A) has developed economically to the point where it no longer qualifies for bilateral foreign assistance programs from the United States because its per capita income level exceeds the eligibility requirements of such programs; or

(B) has never qualified for bilateral foreign assistance programs from the United States, but with respect to which an ongoing relationship with the United States, in-

cluding technical assistance and training, would provide mutual benefits to such country and the United States.

(2) An emerging democracy means a country that has recently begun the transformation of its system of government from a non-representative type of government to a representative democracy and is encouraging democratic institution building, and the cultural values, institutions, and organizations of democratic pluralism.

Section 1222(c) provides that fellowships under section 1222 must be provided in order to allow the recipients to gain knowledge and skills that will—

(1) assist eligible countries to develop agricultural systems necessary to meet the food needs of their domestic populations; and

(2) strengthen and enhance trade linkages between eligible countries and agricultural interests in the United States.

Section 1222(d) requires the Secretary to utilize the expertise of United States agricultural counselors, trade officers, and commodity trade promotion groups working in participating countries to help identify program candidates from both the public and private sectors of those countries.

Section 1222(e) requires the Secretary to consult with other United States Government agencies, United States universities, and the private agribusiness sector, as appropriate, to design and administer training programs to accomplish the program objectives.

Section 1222(f) authorizes to be appropriated without fiscal year limitation such sums as may be necessary to provide funding to carry out the program established under this section 1222, except that the amount of such funds may not exceed—

(1) for eligible countries that meet the requirements of subsection (b)(1), $3,000,000;

(2) for eligible countries that meet the requirements of subsection (b)(2), $2,000,000; and

(3) for eligible countries that meet the requirements of subsection (b)(3), $5,000,000.

Section 1222(g) authorizes the Secretary to accept money, funds, property, and services of every kind by gift, devise, bequest, grant, or otherwise, when the Secretary of Agriculture determines that it is advisable in furtherance of program purposes, and to, in any manner, dispose of all such holdings and use the receipts generated from such disposition as general program funds under this section 1222(g). All funds so designated for the program established under section 1222(g) must remain available until expended.

SUBTITLE D—STUDIES AND REPORTS

Section 1231—Study of North American free trade area

Section 1231 requires the Secretary of Agriculture to study the potential effects on the United States agricultural economy of the creation of a North American free trade area, including the creation of a United States-Mexico free trade area. Section 1231 also requires the Secretary to submit a report on the results of such study to the Congress no later than May 31, 1991.

Section 1232—Report on wood export promotion

Section 1232 requires the Secretary of Agriculture to prepare and submit to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition and Forestry of the Senate a report not later than 180 days after the date of enactment of this Act, and annually thereafter through fiscal year 1995, concerning the promotion and participation of wood and processed wood products in the programs conducted under the Agricultural Trade Development and Assistance Act of 1954, section 1125 of the Food Security Act of 1985, and section 4 of the Food for Peace Act of 1966.

Section 1233—Rose and flower study

Section 1233(a) requires the Secretary of Agriculture to conduct a study of the impact of consignment sales of foreign roses and fresh cut flowers on the domestic rose and fresh cut flower industry, taking into account the findings in the report issued April 1989 entitled "Competitive Conditions in the U.S. and World Markets for Fresh Cut Roses" by the United States International Trade Commission.

Section 1233(b) requires the Secretary to report the results of the study conducted under section 1233(a) to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate not later than one year after the date of the enactment of this Act together with any recommendations of the Secretary on how the domestic rose and fresh cut flower industry can compete fairly with the practice of consignment sales.

Section 1234—Commodity transportation and technology assessment and report

Section 1234(a) requires the Secretary of Agriculture to conduct an assessment of the impact upon prices received by producers, costs to consumers, and the overall effect upon the ability of the United States to fulfill export goals and expand foreign markets for domestic commodities of the current agricultural transportation situation, focusing especially on rail transportation capabilities including rail abandonments, periodic shortages of adequate rail car equipment suitable for transporting agricultural commodities, and the practice of rail carriers selling in advance Certificates of Transportation.

Section 1234(b) requires the Secretary in preparing the assessment required by section 1234, the Secretary shall consult with rail, truck, and waterborne carriers who have experience in the transportation of agricultural commodities, and to also examine the feasibility of—

(1) providing technical and financial assistance to producers, marketers, and exporters in the design and construction of alternatives (such as freight containers that could be carried aboard flatbed trucks, flatbed rail cars, river barges, and ocean-going container vessels) to covered rail hopper cars for the purpose of transporting bulk commodities to appropriate terminal market facilities; and

31-912 O - 90 - 22

(2) encouraging the establishment of a computerized network that would assist producers, marketers, exporters, and carriers in identifying, matching, and coordinating potential loads of agricultural commodities with carriers having proper capabilities and equipment in an effort to expedite transportation needs.

Section 1234(c) requires the Secretary to report within 240 days following enactment of the Food and Agricultural Resources Act to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate the results and recommendations of the assessment required by section 1234.

Section 1234(d) authorizes the Secretary to expend such sums as may be necessary for the purpose of preparing the assessment and report required by section 1234, in order to complete a thorough assessment and report as required by section 1234 from any unobligated funds appropriated to the Department of Agriculture, and may, without the necessity of advertising for bids, contract with any appropriate private sector businesses that have expertise and experience in transporting agricultural commodities, or with experience in operating a computerized network of load and equipment matching between shippers and carriers if the work or consultation performed under such contract is deemed necessary by the Secretary in order to fully comply with the scope of the assessment, and complete the report, required by section 1234.

Section 1235—Red Tart Cherry Study

Section 1235(a) directs the Secretary of Agriculture, in consultation with the United States International Trade Commission, to complete a study not later than 240 days after the date of enactment of this Act, to determine—

(1) the competitive factors affecting the domestic red tart cherry industry, including competition from imports;

(2) the effect that the European Community's restriction on imported red tart cherries has had, and may continue to have, on world trade of red tart cherries;

(3) the extent to which unfair trade practices and barriers to trade by other competing countries are impeding the marketing abroad of domestically produced red tart cherries; and

(4) the extent to which imported red tart cherry concentrate has been sold, and is being sold, in the United States at prices below the world market price such that it may constitute an unfair competitive practice on the domestic markets.

Section 1235(b) requires the Secretary to submit a report containing the results of the study conducted under subsection 1235(a), to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate.

Section 1235(c) communicates the sense of Congress with respect to the domestic red tart cherry industry.

Section 1235 requires the Secretary, in consultation with the United States International Trade Commission to complete a study to determine the competitive factors affecting the domestic red tart cherry industry. It is intended that this study would analyze the

domestic and foreign factors adversely impacting on the domestic market. The study should also analyze and recommend methods by which domestic red tart cherry producers may enhance and improve their industry to achieve a larger market share.

Finally, section 1235 sets for the Sense of Congress that the Secretary of Agriculture use all available remedies, programs, and policies to assist the domestic red tart cherry industry to maintain and enhance its ability to compete in the domestic and world markets.

Section 1236—Report on Section 22 suspension or termination

Section 1236(a) requires the Secretary of Agriculture to, prior to the effective date of the suspension or termination of any quantitative limitation or fee in effect under section 22 of the Agricultural Adjustment act (7 U.S.C. 624), report to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate if section 22 is repealed or all measures proclaimed under such section are suspended.

Section 1236(b) requires that the report under section 1236(a) assess each material consequence of the lifting of such limitation or fee, including the impact on—

(1) the Farmers Home Administration and agricultural credit in general;

(2) the prices paid to farmers generally for the affected commodity; and

(3) United States food security needs.

SUBTITLE E—EFFECTIVE DATES AND CONFORMING CHANGES

Section 1241—Effective dates

Section 1241(a) makes the amendments made by subtitle A effective beginning in fiscal year 1991.

Section 1241(b) makes the provisions of section 103 of the Agricultural Trade Act of 1978 (as amended by section 1211) applicable to proposals pending or received on or after the date of enactment of the Food and Agricultural Resources Act of 1990.

Section 1241(c) directs the Secretary to promulgate regulations to implement section 301 of the Agricultural Trade Act of 1978 (as amended by this title) no later than 180 days after the date of enactment of the Food and Agricultural Resources Act of 1990.

Section 1242—Conforming changes

Section 1242(a) repeals section 812 of the Agricultural Act of 1970 (7 U.S.C. 612c-3).

Section 1242(b) repeals, effective October 1, 1991, sections 1124 and 1127 of the Food Security Act of 1985 (7 U.S.C. 1736s and 1736v).

Section 1242 (c) repeals section 1165 of the Food Security Act of 1985.

TITLE XIII—RESEARCH

SUBTITLE A—EXTENSIONS AND CHANGES TO EXISTING PROGRAM

Section 1301—Increased authorizations for, and the extension of existing programs

Section 1301(a) amends section 4(a) of the Research Facilities Act (7 U.S.C. 390c(a)) by changing the authorization for appropriations from $20,000,000 to $50,000,000 for fiscal years 1991 through 1995.

Section 1301(b) changes the programs established in the National Agricultural Research, Extension, and Teaching Policy Act of 1977 as follows:

(1) Section 1425(c) is amended by adding the following authorizations for appropriations for the expanded food and nutrition education program conducted under section 3(d) of the Act of May 8, 1914, not more than $63,000,000 for fiscal year 1991, $68,000,000 for fiscal year 1992, $73,000,000 for fiscal year 1993, $78,000,000 for fiscal year 1994, and $83,000,000 for fiscal year 1995.

(2) Section 1433(a) is amended to extend the existing authorization for appropriations for each of the fiscal years 1991 through 1995.

(3) Section 1434(a) is amended to extend the existing authorization for appropriations for each of the fiscal years 1991 through 1995.

(4) Section 1463 is amended to change the authorization for appropriations for existing and certain new agricultural research programs to $850,000,000 for each of the fiscal years 1991 through 1995; and to change the authorization for appropriations for agricultural research at State agricultural experiment stations to $310,000,000 for each of the fiscal years 1991 through 1995.

(5) Section 1473D(a) is amended to extend the authorization for appropriations for supplemental and alternative crops research through fiscal year 1995.

(6) Section 1482(a) is amended to extend the rangeland research advisory board until 1995.

(7) Section 1483(a) is amended to extend the authorization for appropriations for rangeland research for each of the fiscal years 1991 through 1995.

Section 1301(c) amends section 1432(b)(5) of the National Agricultural Research, Extension, and Teaching Policy Act Amendments of 1981 (7 U.S.C. 3222 note) to extend the authorization for appropriations for grants for dairy goat research for each of the fiscal years 1991 through 1995.

Section 1301(d) changes the programs established in the Food Security Act of 1985 by—

(1) amending section 1416(b) to extend the authorization for appropriations for grants to upgrade 1890 land-grant college extension facilities for fiscal years 1991 and 1992;

(2) amending section 1431(a) to extend the authorization for appropriations for Federal agricultural research facilities for fiscal years 1991 through 1995 and amending 1431(b) to extend the Secretarial reporting requirements for 1991 through 1995;

(3) amending section 1436(b)(3)(C) to extend the allocation requirement for funds to be used by the Secretary for federal matching funds for market expansion research through fiscal years 1991 through 1995.

Section 1302—Findings of the National Agricultural Research, Extension, and Teaching Policy Act of 1977

Section 1302 amends section 1402 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3101) by changing the Congressional findings as follows:

(1) to recognize the importance of support to the Federal government in providing funding support for agricultural research and extension has been to the development of the Nation's agricultural system.

(2) to recognize the existing agricultural research system consisting of the Federal Government, the land-grant colleges and universities, other colleges and universities engaged in agricultural research, the agricultural experiment stations, and the private sector as an essential national resource that must serve as the foundation for further agricultural research.

(3) to recognize the lack of coordination among agencies conducting federally supported research.

(4) to recognize the need for coordination and long-range planning for research, extension, and teaching to meet the objectives of this act.

(5) to recognize that federally supported research is not being transferred to the people of the United States.

(6) to recognize that the agricultural system in the United States is increasingly dependent on science and technology and requires a constant source of food and agricultural scientific expertise to maintain a dynamic system.

(7) to recognize that expanded agricultural research and extension are needed to meet the rising demand for food and fiber products caused by increases in worldwide population, market forces, and food shortages.

(8) to recognize that advances in food and agricultural sciences and technology have become increasingly limited by the periodic imbalances between the thorough development and exploitation of known scientific principles and technological approaches and concentration upon more fundamental research, requiring a continuing review and balancing of research emphases.

(9) to recognize that Federal funding levels for agricultural research and extension in recent years have not always been commensurate with needs stemming from changes in United States agricultural practices and the world food and agricultural situation.

(10) to recognize that it has been, and continues to be, the policy of the United States to support food and agricultural research, extension, and teaching in the broadest sense of these terms. Efforts in the food and agricultural sciences are needed in the following areas: plant systems; animal systems; nutrition, food quality, and health and welfare; natural resources and the environment; engineering, products, and processes;

markets, trade, and agricultural policy. The Committee intends that research conducted relating to energy efficiency, conservation, and the development of alternative, renewable energy sources should include an examination of ways in which producers can reduce energy use through improved fertilizer management, reduced tillage, irrigation scheduling, improved livestock management, and improved forestry management.

(11) to recognize that research and extension efforts should be directed toward the development of integrated production systems which are profitable, environmentally and agronomically sound, offer diverse production and market options, and increase rural economic and social vitality.

(12) to recognize that the Secretary should seek, on an annual basis, the assistance and guidance of the Board on Agriculture of the National Research Council, National Academy of Sciences, to identify—

(A) science and technology opportunities, training, and the manpower needs of the United States;

(B) opportunities to advance the sustainability and profitability of agricultural enterprises;

(C) applications of science and technology in enhancing the safety and nutritional attributes of food; and

(D) factors underlying the long-run international competitiveness of agriculture in the United States and the prospective role of the United States in meeting human food needs.

Section 1303—Definition of sustainable agriculture

Section 1303 amends section 1404 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3103) to add the term 'sustainable agriculture'. The term means an integrated system of plant and animal production practices having a site-specific application that will, over the long-term—(1) satisfy human food and fiber needs; (2) enhance environmental quality and the natural resource base upon which the agriculture economy depends; (3) make the most efficient use of nonrenewable resources and on-farm resources and integrate, where appropriate, natural biological cycles and controls; (4) sustain the economic viability of farm operations; and (5) enhance the quality of life for farmers and society as a whole.

Section 1304 Joint Council on Food and Agricultural Sciences and National Agricultural Research and Extension Users Advisory Board

Section 1304(a) amends section 1407 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3122(a)) by extending the Joint Council on Food and Agricultural Sciences through 1995 and changing the number of members from not fewer than twenty-five to not fewer than twenty-one. Section 1301 also sets forth changes in the composition of the Joint Council on Food and Agricultural Sciences.

Section 1304(a) further amends section 1407(d)(2) to add a new subparagraph (D) which would expand the responsibilities of the Joint Council to include determining high priority issues and goals

for agricultural research, extension, and teaching programs, and to submit to the Secretary and to Congress annual reports identifying such high priority issues and goals.

Section 1304(a) also amends section 1407(d)(2)(G) to insert an additional reporting requirement of the Joint Council to indicate progress made toward accomplishing the priorities and associated levels of financial and other support recommended in the annual report issued in the prior year; and to delineate the activities of the Board in meeting its responsibilities.

Section 1304(a) also amends section 1407(d)(2)(G)(ii) to set a reporting date of June 30 of every second year to update the five-year plan for food and agricultural sciences prepared by the Joint Council that reflects the coordinated views of the research, extension, and teaching community; and specifies the progress made toward implementing the plan outlined in the previous report.

Section 1304(b) amends section 1408 to revise the National Agricultural Research and Users Advisory Board. The Advisory Board will remain in existence until September 30, 1995 and will be composed of individuals representing producers; farm organizations; farm suppliers; food and fiber processors; animal and health interests; food transporters; labor organizations; food marketing interests; nonprofit organizations and foundations involved in agricultural research, sustainable agricultural research, education, and extension; organizations involved in development programs and issues in developing countries; agencies of the Department of Agriculture that do not have research capabilities; rural development work; human nutrition work; consumer interests; and, nonprofit environmental protection organizations.

Section 1304(b) establishes the procedures by which the Advisory Board will elect chairpersons, hold meetings, and establish panels to develop information, reports, advice, and recommendations for the use of the full Advisory Board. The Advisory Board shall have general responsibility for preparing independent advisory opinions on the food and agricultural sciences and will have specific responsibility to review:

(A) review the policies, plans, and goals of programs within the Department of Agriculture involving the food and agricultural sciences, and related programs in other Federal and State departments and agencies and in the colleges and universities developed by the Secretary under this title;

(B) review and assess the extent of agricultural research, teaching, and extension being conducted by the private sector and the relationships and coordination of such activities with Federally supported agricultural research, teaching, and extension programs;

(C) review and provide consultation to the Secretary on national policies, priorities, and strategies for agricultural research and extension for both the short and long term;

(D) assess the overall adequacy of the distribution of resources and the allocation of funds authorized by this title and make recommendations to the Secretary, Federal agencies, and private organizations that are contributing to agricultural research, extension, and education funding with regard to such distribution and allocation;

(E) identify emerging agricultural research, teaching, and extension issues and suggest programs and technology transfer solutions for use by the public and private agricultural science and education community;

(F) evaluate the results and the effectiveness of research and extension programs with regard to their influence on long-term goals of agriculture expressed in section 1403 and consumer needs.

Section 1304 further provides that the Advisory Board report to the Secretary and Congress of recommendations concerning the allocation of responsibilities and levels of funding among Federally supported agricultural research and extensions programs. The Secretary shall provide such support and staffing for the Advisory Board as is necessary for the Advisory Board to carry out its duties.

Section 1305—Federal-State partnership and coordination

Section 1305 amends section 1409A of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 to expand the provisions of the federal-state partnership and coordination provisions to include a Cooperative Human Nutrition Center at the Pennington Biomedical Research Center of Louisiana State University; research for the development of technology which will ascertain the lean content of animal carcasses to be used for human consumption; and expanded ethanol research at the facility of the Agricultural Research Center located at Peoria, Illinois, to enter into contracts, cooperative agreements and the exchange of scientific information with regard to ethanol research with the U.S. Department of Energy to further carry on and enhance ethanol research. The Agricultural Research Center located at Peoria, Illinois shall be referred to as the National Agricultural Research Laboratory, Agricultural Research Service, United States Department of Agriculture.

Section 1306—Grants to enhance research capacity in schools of veterinary medicine

Section 1306 amends section 1415 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 to change the existing grant program available to states for the purpose of enhancing the establishment or expansion of schools of veterinary medicine to a competitive grant program. Section 1306 also amends section 1415(b)(2) to add that the clinical training of the school to be improved shall emphasize care and preventive medical programs for food animals and companion animals (including horses) which support industries of major economic importance.

Section 1307—Grants and fellowships for food and agricultural sciences education

Section 1307 amends section 1417 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 to expand the areas in which the Secretary shall promote and strengthen higher education in the food and agricultural sciences by formulating and administering programs to include programs in agriculture, natural resources, forestry, veterinary medicine, home eco-

nomics, and disciplines closely allied to the food and agricultural system.

Section 1307 amends section 1417 and states that the Secretary may make grants to (1) land-grant colleges and universities; (2) with significant minority enrollments that have a demonstrable capacity to carry out the teaching of food and agricultural sciences; (3) and other colleges and universities that have a demonstrable capacity to carry out the teaching of food and agricultural sciences.

Section 1307 provides that grants may be made to—

(1) strengthen institutional capacities to respond to State, national, or international educational needs in the food and agricultural sciences;

(2) attract and support graduate and undergraduate students and to educate them in the food and agricultural sciences, and to attract needed professionals to provide for their professional improvement in the food and agricultural sciences;

(3) design and implement innovative food and agricultural educational programs;

(4) facilitate cooperative agreements between two or more eligible institutions to maximize the use of faculty and facilities to improve their food and agricultural teaching programs;

(5) conduct graduate and postdoctoral fellowship programs to attract highly promising individuals to research or teaching careers in the food and agricultural sciences; and

(6) conduct undergraduate scholarship programs to meet national needs for training food and agricultural scientists and professionals.

Section 1307 states that a grant made for a period not to exceed five years or on a competitive basis or without regard to any requirement for competition. Section 1307 also provides that the Secretary may conduct special programs with colleges and universities, and with organizations in the private sector, to support educational initiatives that will enable food and agricultural scientists and professionals to remain abreast of changing technology, the expanding knowledge base, societal issues, and other factors.

Section 1307 also provides that the Secretary shall establish a program to be known as the National Food and Agricultural Sciences Teaching Awards to recognize and promote the excellence of teachers in the food and agricultural sciences.

Section 1307 authorizes $50,000,000 to be appropriated for purposes of carrying out this section for each of the fiscal years 1991 through 1995.

Section 1308—Grants for research on the production and marketing of alcohols and industrial hydrocarbons from agricultural commodities and forest products

Section 1308 amends section 1419 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3154) to authorize the Secretary to award grants to colleges, universities, and Federal laboratories for the purpose of conducting research related to alcohol fuels; industrial oilseed crops; other forms of biomass fuels; other industrial hydrocarbons made from agricultural commodities and forest products; and the development of the most economical and commercially feasible means of producing,

collecting, and transporting agricultural crops, wastes, residues, and byproducts for use as feedstocks for the production of alcohol and other forms of biomass energy and the development of new markets for byproducts.

Section 1308(b) states that of the amounts appropriated in any fiscal year not less than 50 percent of those amounts shall be made available for grants for research relating to the development of technologies for increasing the energy efficiency and commercial feasibility of alcohol production. There are authorized to be appropriated for the purposes of carrying out this section $20,000,000 for each of the fiscal years 1991 through 1995.

Section 1309—Joint contract for assessment of food science and human nutrition research

The Department of Agriculture is currently preparing to enter into a Memorandum of Understanding with the Department of Energy to provide a coordinated framework for collaborative research and development efforts concerning alcohol fuels. The Committee encourages the Department of Agriculture to cooperate closely with the Department of Energy to implement this Memorandum. It is important that the two Departments share scientific expertise and information in this area.

Section 1309 amends subtitle D of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 to require the Secretary of Agriculture and the Secretary of Health and Human Services to jointly contract with a scientific body to conduct an assessment of the progress, practical importance, and priorities for future research in food science and human nutrition; the supply and demand of food scientists and nutritionists by the Federal agencies, industrial institutions, colleges, universities, and related institutions; and recommendations for the role of all Federal agencies supporting basic and applied food and human nutrition research.

Section 1310—Animal Health and Disease Research Study and Animal Health Science Research Advisory Board

Section 1310 amends section 1431 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 to authorize the Secretary to commission the National Academy of Sciences, working through the Board on Agriculture of the National Research Council, to conduct a study of the delivery system utilized to provide farmers and ranchers with animal care and veterinary medical services, including animal drugs.

Section 1310 also amends section 1431 to extend the Animal Health Science Research Advisory Board until 1995 and adds a member to the Board who represents an organization concerned with the general protection and well-being of animals.

Section 1310 further states that the Board shall meet at the call of the Secretary, but at least once annually, to consult with and advise the Secretary with respect to the implementation of any animal health and disease research program provided for under this title, under such rules and procedures for conducting business as the Secretary may prescribe.

Section 1311—Grant programs for 1890 land-grant colleges, including Tuskegee Institute

Section 1311 adds two new sections to the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3101 et seq.). This section provides that the Secretary shall make competitive grants, or grants without regard to any requirement for competition, to those eligible institutions having a demonstrable capacity to carry out the teaching of food and agricultural sciences.

Grants shall be used to (1) strengthen institutional educational capacities; (2) attract and support undergraduate and graduate students; (3) facilitate cooperative initiatives between two or more eligible institutions or between eligible institutions and units of State government, or organizations in the private sector, to maximize the development and use of resources; (4) conduct undergraduate scholarship programs to assist in meeting national needs for training food and agricultural scientists.

The Secretary may set aside a portion of the funds appropriated for grants under this section and make such amounts available only for grants to eligible institutions that the Secretary determines have unique capabilities for achieving the objective or full representation of minority groups that are under-represented in the Nation's food and agricultural sciences work force.

There is authorized to be appropriated under this section $11,000,000 for each of the fiscal years 1991 through 1995.

Section 1311 also authorizes to be appropriated $8,000,000 for each of the fiscal years 1991 through 1995 to be used for grants for the acquisition and improvement of agricultural and food sciences facilities and equipment. Four percent of the sums appropriated pursuant to this section shall be available to the Secretary for administration of this grants program. The remaining funds shall be available for grants to eligible institutions for the purpose of assisting them in the purchase of equipment and land, the planning, construction, alteration, or renovation of buildings and can be used at the discretion of the eligible institutions in the areas of research, extension, and resident instruction or any combination thereof.

Section 1311(c) also adds a new section 1445C that authorizes the Secretary to make competitive grants to five national research and training centennial centers located at colleges (or a consortia of such colleges) eligible to receive funds under the Act of August 30, 1890 (7 U.S.C. 321 et seq.), including Tuskegee University, that (1) have been designated by the Secretary for the fiscal years 1991 through 1995 as national research and training centennial centers; and (2) have the best demonstrable capacity, as determined by the Secretary, to provide administrative leadership as—

(A) a National Center for Goat Research and Training;

(B) a National Center for Agricultural Engineering Development, Research, and Training;

(C) a National Center for Water Quality and Agricultural Production Research and Training;

(D) a National Center for Sustainable Agriculture Research and Training; or

(E) a National Center for Domestic and International Trade and Development Research and Training.

Such grants may be expended by a center to (1) pay expenses incurred in conducting research for which the center was designated; (2) print and disseminate the results of such research; (3) plan, administer, and direct such research; and (4) alter or repair buildings necessary to conduct such research.

In making a grant determination, the Secretary shall give priority to those centers that (1) will assure dissemination of information between eligible institutions and among agricultural producers; and (2) will attract students and needed professionals into the food and agricultural sciences.

There are authorized to be appropriated $2,000,000 for each of the fiscal years 1991 through 1995 for grants under this section.

Section 1312—International agricultural research and extension and international trade development centers

Section 1312 amends section 1458 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 by directing the Secretary of Agriculture to expand collaboration and coordination of the Department of Agriculture with institutions and other persons throughout the world. This section also amends the areas that the Secretary may assist colleges and universities in the United States to relate to other countries. This section also provides for the development of an International Arid Land Consortium and authorizes the Secretary to cooperate with nongovernmental organizations, both domestic and foreign, for the purpose of expanding the agricultural economic base of middle income and developing countries.

Section 1312 also adds a new section which states that no activities may promote the production for export of agricultural commodities (or the products thereof) that will compete, as determined by the Secretary, in world markets with similar agricultural commodities (or the products thereof) produced in the United States, where such competition will cause substantial injury to United States producers.

Section 1312 amends section 1458A by adding a new paragraph that directs the Secretary to make determinations regarding the location and funding of international trade development center based on a national plan for agricultural export promotion through international trade development centers. This section provides that grants shall be made available on a competitive basis in accordance with such plan.

Section 1313—Reauthorization of extension and education and pilot project to coordinate food and nutrition education programs

Section 1313 amends section 1464 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 to reauthorize and expand the appropriations for Extension Education from $370,000,000 to $420,000,000 for each of the fiscal years 1991 through 1995.

Section 1313 also provides that the Secretary shall establish a five-year pilot project to make available grants to not more than two States, on a competitive basis, for the purpose of implementing

in such States, a plan that (1) provides for the full coordination of the conceptual design and program delivery of food and nutrition education programs for potential participants within the State; and (2) provides to the greatest extent possible for the coordination of such food and nutrition education programs with related State programs. This section also specifies the necessary elements of the specified plan and defines the terms "coordination" and "food and nutrition education programs.

Section 1313 directs the Secretary to make available one-half of one percent of the funds appropriated under this section for each of the fiscal years 1991 through 1995 for the purpose of implementing the pilot project.

Section 1314—Aquaculture Assistance Program

Section 1314 amends section 1475 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 by expanding the areas for which grants may be made to include areas to enhance further the safety and wholesomeness of those species and products, including the development of reliable supplies of seed stock and therapeutic compounds.

Section 1314 also amends section 1475 by changing the number of authorized research centers from four to six and specifies that research at one of the centers shall be devoted primarily to the development of closed-system production of fish and seafood. Section 1314 also directs the Secretary to ensure that equitable efforts are made at these centers to address the research needs of those segments of the domestic aquaculture industry located within that region.

Section 1314 states that the Secretary shall conduct a study to assess the economic impact of animal damage to the United States aquaculture industry. The Secretary is directed to submit a report detailing the results of such study to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate not later than January 1, 1992.

Section 1314 adds a new paragraph to section 1475 directing the Secretary, in consultation with appropriate Federal and State agencies, compile a listing of Federal and State laws, rules, and regulations materially affecting the production, processing, marketing, and transportation of aquaculturally produced commodities and the products thereof. The Secretary is directed to make such listing available to the public not later than January 1, 1992, and shall update and revise such listing not later than January 1, 1996, to show such laws, rules, and regulations as in effect on that date.

Section 1314 adds a new section 1476 to authorize the Secretary to make a grant for the purpose of further developing and expanding an aquaculture research facility located at Illinois State University in Normal, Illinois, and to conduct such programs as are necessary to do basic and applied research for intensive water recirculating aquaculture systems. There is authorized to be appropriated $480,000 for fiscal years 1991 through 1995 to carry out section.

In order to determine the feasibility of indoor intensive aquaculture systems for the Midwest, the Secretary is authorized, at his

discretion, to award grants to Illinois State University for this purpose. These grants may be used to further development and expansion of the existing aquaculture research facility located at the University and to conduct basic and applied research for intensive water recirculating aquaculture systems. The grants are expected to be made on a matching basis.

Section 1314 amends section 1477 to reauthorize the appropriations of $7,500,000 for each of the fiscal years 1991 through 1995. Section 1314 amends the National Aquaculture Act of 1980 to authorize appropriations to carry out the National Aquaculture Act of 1980 for fiscal years 1991, 1992, and 1993, as follows: (1) to the Department of Agriculture, $1,000,000 for each of fiscal years 1991, 1992, and 1993; (2) to the Department of Commerce, $1,000,000 for each of fiscal years 1991, 1992, and 1993; (3) to the Department of Interior, $1,000,000 for each of fiscal years 1991, 1992, and 1993.

Section 1315—Program of Competitive, Special, and Facilities Grants for Agricultural Research

Section 1315 amends section 2 of the Act of August 4, 1965 to replace the purposes for which grants may be made. The language specifies that the Secretary shall allocate grants made under this subsection to high priority research taking into account the recommendations made by the advisory board established under paragraph (5). Section 1315 further defines "high priority research" and describes how the grants may be distributed.

Section 1315 further amends section 2 to require the Secretary to appoint a director for the grant program and a board to provide advice on the policies, priorities, and operations of the grant program. Section 1315 directs the Secretary to transmit to Congress an annual report describing the policies, priorities, and operations of the grant program during the preceding fiscal year.

Section 1315 authorizes to be appropriated to carry out this subsection $500,000,000 for each of the fiscal years 1991 through 1995. Of the appropriations for a fiscal year, not more than two percent may be used to make equipment grants and not more than four percent may be used by the Secretary to pay administrative costs. Section 1315 amends section 2 of the Act of August 4, 1965 by broadening the category of institutions eligible for special grants to include State agricultural experiment stations, all colleges and universities, other research institutions and organizations, Federal agencies, private organizations or corporations, and individuals.

Section 1315 amends section 2 of the Act of August 4, 1965 to direct the Secretary of Agriculture to ensure that grants made under subsections (b) and (c) are, where appropriate, consistent with the development of systems of sustainable agriculture as defined in section 1404(17) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3103(17)).

Section 1315 also adds another subsection to section 2 of the Act of August 4, 1965 to require the Secretary of Agriculture to prepare and submit to Congress on January 1 of each year a report on awards made during the previous fiscal year.

Section 1316—Minimization of conflicts of interest of employees of colleges receiving funds under the Smith-Lever Act

Section 1316 amends section 4 of the Act of May 8, 1914 (commonly known as the Smith-Lever Act) (7 U.S.C. 344), by requiring the Secretary to ensure that each college seeking to receive funds has in place appropriate requirements, as determined by the Secretary, to minimize actual or potential conflicts of interest among employees of such college whose salaries are funded in whole or in part with such funds.

Section 1317—Grants for financially stressed farmers, dislocated farmers, and rural families

Section 1317 amends section 502(f)(2) of the Rural Development Act of 1972 by extending the period for grants through December 23, 1995. Section 1317 also amends section 502(f)(2) to change the special grant provisions to competitive grants. In order to be eligible to receive a grant, an applicant must provide suitable assurances that—

(i) not less than one-half of the grant funds to the applicant will be used for clinical outreach counseling and crisis management assistance;

(ii) a significant number of farms within the State have a ratio of debts to assets of 40 percent or more, the State's rural economy has been facing adverse economic conditions for a period of years, or such other conditions exist, as determined by the Secretary, such that the assistance provided is necessary or appropriate;

(iii) the planning and implementation of the provision of services will be coordinated with the appropriate State agency for mental health, department of health, office of rural health, and any other State agency or department responsible for assisting persons in rural areas of the State; and

(iv) the planning and implementation of the provision of services under this subsection will be coordinated with the appropriate local governments and other public and private nonprofit agencies and organizations located in rural areas and involved in addressing problems related to the mental health of rural residents.

Section 1317 further states that not less than 50 percent of the grant funds to a State shall be used to provide clinical outreach counseling and crisis management assistance through appropriate State officials.

Section 1317(d) provides that the eight States receiving grants under section 502(f) of the Rural Development Act of 1972 during fiscal year 1990 shall continue to be eligible to receive grants (in an amount not to exceed the amount received during that fiscal year) under that section notwithstanding the requirement that such grants be awarded competitively, so long as such States comply with the requirement that not less than one-half of such grant amount shall be used for clinical outreach counseling and crisis management assistance.

SUBTITLE B—SUSTAINABLE AGRICULTURE RESEARCH AND EDUCATION PROGRAM

Section 1321—Purpose and definitions

Section 1321 sets forth the purposes of the subtitle and defines the terms used.

Section 1322—Research and extension projects

Section 1322 requires the Secretary to conduct research and extension projects on sustainable farm management systems to obtain data, develop conclusions, demonstrate technologies, and conduct education programs that promote the purpose of this subtitle, including research and extension projects that facilitate and increase scientific investigations and education in order to—

(1) develop and improve sustainable farm management systems which minimize health and environmental risks associated with pesticides and nitrates;

(2) improve sustainable farm management systems that enhance agricultural productivity, profitability, and competitiveness;

(3) develop effective crop, livestock, and enterprise diversification systems; and

(4) develop sustainable agroforestry systems on semiarid lands which minimize topsoil loss, maintain water quality, expand farm income opportunities, and enhance farm productivity and profitability.

Section 1322 requires the Secretary to conduct the research and extension projects by—

(1) studying, to the maximum extent practicable, agricultural production systems that are located in areas that possess various soil, climate, and physical characteristics;

(2) studying farms that have been, and will continue to be managed using farm production practices that rely on sustainable production systems and other conservation practices;

(3) studying farms that are newly adopting sustainable farm production practices;

(4) taking advantage of the experience and expertise of farmers and ranchers through on-farm research and demonstration and through their direct participation and leadership in projects; and

(5) transferring practical, reliable, and timely information to farmers and ranchers concerning practices and systems of sustainable agriculture, including data on economic viability and transition costs.

Section 1322 requires the Secretary shall carry out these research and extension projects through agreements entered into with land-grant colleges or universities, other universities, State agricultural experiment stations, the State cooperative extension services, nonprofit organizations with demonstrable expertise, or Federal or State governmental entities.

Section 1322 further requires the Secretary to select research and extension projects after consideration of the recommendations of the Advisory Council; the relevance of the project to the purpose of this subtitle; the appropriateness of the design of the project; the

likelihood of attaining the objectives of the project; and the national or regional applicability of the findings and outcomes of the proposed project.

Section 1322 requires the Secretary to give priority to projects that are recommended by the Advisory Council; closely coordinate research and extension activities; indicate how the findings of the project will be made readily usable by farmers; maximize the involvement and cooperation of farmers, including projects involving on-farm research and demonstration; involve a multidisciplinary systems approach; and involve cooperation between farms, nonprofit organizations with demonstrable expertise, colleges and universities, and government agencies.

Section 1322 requires the Secretary to conduct projects and studies under this section in areas that are representative of the diversity of United States' agricultural production.

Section 1322 states that the Secretary may approve projects that have a duration of more than one fiscal year. In the case of a research project that involves the planting of a sequence of crops or crop rotations, section 1322 provides that the Secretary shall approve such project for a term that is appropriate to the sequence or rotation being studied.

Section 1322 requires that the Secretary shall ensure that research projects are open for public observation at specified times.

Section 1322 provides that the Secretary may indemnify the operator of a project for damage incurred or undue losses sustained as a result of a rigid requirement of research or demonstration under such project that is not experienced in normal farming operations.

Section 1323—Program administration

Section 1323 provides that the Secretary shall (1) administer the programs and projects under sections 1322 and 1324 through the Cooperative State Research Service in close cooperation with the Extension Service, the Agricultural Research Service, and other appropriate agencies; (2) establish an Advisory Council; (3) establish a minimum of four Regional Administrative Councils; and (4) identify regional host institutions required to carry out the provisions of programs or projects.

Section 1323 requires the Secretary to, not later than April 1, 1991, and each April 1 thereafter, prepare and submit, to the Committee on Agriculture of the House of Representatives, the Committee on Agriculture, Nutrition, and Forestry of the Senate, and the Advisory Council the following: (1) a report describing the results of the programs carried out under sections 1322, 1324, and 1325; and (2) a report describing the progress of projects conducted under this subtitle.

Section 1323(c)(1) establishes a list of representatives to be members of the National Sustainable Agriculture Advisory Council. Section 1323(c)(2) states that the Advisory Council shall—

> (1) make recommendations to the Secretary concerning research and extension projects that merit funding under sections 1322 and 1324;
>
> (2) promote the programs established under this subtitle at the national level;

(3) coordinate research and extension activities funded by such programs;

(4) establish general procedures for awarding and administering funds under this subtitle;

(5) consider recommendations for improving such programs;

(6) facilitate cooperation and integration between sustainable agriculture, national water quality, integrated crop management, integrated resource management, integrated pest management, food safety, and other related programs; and

(7) prepare and submit an annual report concerning its activities to the Secretary.

Section 1323(d) lists the representatives to be included as members of the Regional Administrative Councils. Section 1323 states that the Regional Administrative Councils shall—

(1) make recommendations to the Advisory Council concerning research and extension projects that merit funding under sections 1322 and 1324;

(2) promote the programs established under this subtitle at the regional level;

(3) establish goals and criteria for the selection of projects authorized under this subtitle within the applicable region;

(4) appoint a technical committee to evaluate the proposals for projects to be considered under this subtitle by such council;

(5) review and act on the recommendations of the technical committee, and coordinate its activities with the regional host institution; and

(6) prepare and make available an annual report concerning projects funded under sections 1322 and 1324, together with an evaluation of the project activity.

Section 1323(e) provides that a member of the regional administration council or a technical committee may not participate in the discussion or recommendation of proposed projects if the member has or had a professional or business interest in, including the provision of consultancy services, the organization whose grant application is under review.

Section 1324—Federal-State Matching Grant Program

Section 1324 provides that the Secretary shall establish a Federal-State matching grant program to make grants to States to assist in the creation or enhancement of State sustainable agriculture research, extension, and education programs. States eligible to receive a grant may conduct a variety of activities including—

(1) activities that encourage the incorporation and integration of sustainable agriculture concerns in all State research, extension, and education projects;

(2) educational programs for farmers, educators, and the public;

(3) the development and funding of innovative research, extension, and education programs regarding sustainable agriculture;

(4) the conduct of research and demonstration projects;

(5) the provision of technical assistance to farmers and ranchers;

(6) activities that encourage farmer-to-farmer information exchanges; and

(7) such other activities that are appropriate to the agricultural concerns of the State that are consistent with the purpose of this subtitle.

Section 1324(c)(1) requires states that elect to apply for a grant to prepare and submit, to the appropriate Regional Administrative Council, a State plan and schedule for approval by such council and the Secretary. Section 1324 further states the information to be included in the state plans.

Section 1324(d) provides that the Secretary shall provide grants to eligible States in an amount not to exceed 50 percent of the cost of the establishment or enhancement of a State sustainable agriculture program under a plan approved by the Secretary for a period not to exceed 5 years. To be eligible to receive a grant, a State shall agree to pay, from State appropriated funds, other State revenue, or from private contributions received by the State, not less than 50 percent of the cost of the establishment or enhancement of the sustainable agriculture program under an approved plan.

Section 1325—Integrated management systems research and education

Section 1325 requires the Secretary to establish a research and education program to enhance research related to farming operations, practices, and systems that optimize crop and livestock production potential and are environmentally sound. Section 1325 provides that the purposes of the program shall be to—

(1) encourage producers to adopt integrated crop and livestock management practices and systems that minimize or abate adverse environmental impacts, reduce soil erosion and loss of water and nutrients, enhance the efficient use of on-farm and off-farm inputs, and maintain or increase profitability and long-term productivity;

(2) develop knowledge and information on integrated crop and livestock management systems and practices, including specific information for inclusion in handbooks, technical guides, and educational materials under section 1327, to assist agricultural producers in the adoption of these systems and practices;

(3) accumulate and analyze information on agricultural production practices researched or developed under programs established in sections 1322, 1324, and 1346 to further the development of integrated crop and livestock management systems;

(4) facilitate the adoption of whole-farm integrated crop and livestock management systems through demonstration projects on individual farms throughout the United States; and

(5) evaluate and recommend appropriate integrated crop and livestock management policies and programs.

Section 1325(b) states that the Secretary shall encourage agricultural producers to adopt and develop individual, site-specific integrated crop management practices. Section 1325(b) further provides that the Secretary shall, on a priority basis, develop and disseminate information on integrated crop management systems for agri-

cultural producers in specific localities or crop producing regions where the Secretary determines—

(1) water quality is impaired as a result of local or regional agricultural production practices; or

(2) the adoption of such practices may aid in the recovery of endangered or threatened species.

Section 1325(c) states that the Secretary shall, on a priority basis, develop programs to encourage livestock producers to develop and adopt individual, site-specific integrated resource management practices. Section 1325(c) further provides that these programs shall be designed to benefit producers and consumers through—

(1) optimum use of available resources and improved production and financial efficiency for producers;

(2) identifying and prioritizing the research and educational needs of the livestock industry relating to production and financial efficiency, competitiveness, environmental stability, and food safety; and

(3) utilizing an interdisciplinary approach toward preventing potential problems.

Section 1326—Technical guides and handbooks

Section 1326(a) provides that the Secretary not later than the 1992 crop year shall develop and make available handbooks and technical guides, and any other educational materials that are appropriate for describing sustainable agriculture production systems and practices, integrated crop management systems and practices, integrated resource management systems and practices, nutrient management practices, and integrated pest management practices as researched and developed under this subtitle and section 1346.

Section 1326(b) provides that the Secretary shall develop the handbooks, technical guides, and educational materials in consultation with the panel established under section 1323(b) and any other appropriate entities designated by the Secretary. The Secretary shall coordinate activities conducted under this section with those conducted under section 1662 of the Food and Agricultural Resources Act of 1990.

Section 1326(c)(1) states that the handbooks and guides, and other education materials, shall include detailed information on the selection of crops and crop-plant varieties, rotation practices, soil building practices, tillage systems, nutrient management, integrated pest management practices, habitat protection, livestock management, soil, water, and energy conservation, and any other practices in accordance with or in furtherance of the purpose of this subtitle.

Section 1326(c)(2) states that the handbooks and guides, and other educational materials, shall provide standards and practical instructions and be organized in such a manner as to enable agricultural producers desiring to implement the practices and systems developed under this subtitle and section 1346 to address site-specific, environmental and resource management problems and to sustain farm profitability, including—

(A) enhancing and maintaining the fertility, productivity, and conservation of farmland and ranch soils, ranges, pastures, and wildlife;

(B) maximizing the efficient and effective use of agricultural inputs;

(C) protecting or enhancing the quality of water resources; or

(D) optimizing the use of on-farm and nonrenewable resources.

Section 1326(d) requires the Secretary to ensure that handbooks and technical guides, and other educational materials are made available to the agricultural community and the public through colleges and universities, the State cooperative extension service, the Soil Conservation Service, other State and Federal agencies, and any other appropriate entities.

Section 1326(e) authorizes that there be appropriated such sums as may be necessary to carry out the provisions of this section.

Section 1327—Education and training

Section 1327 requires the Secretary to establish a program for the training of appropriate field office personnel in the practices developed under this subtitle and section 1346, as well as related state activities and federal and state regulatory actions which will affect farming practices.

Section 1327 also requires that this training program be organized and administered by the Extension Service, in coordination with other appropriate federal agencies. To implement these provisions, the Secretary shall designate an individual from the Extension Service within each State to coordinate the training program. The coordinators shall be responsible, in cooperation with appropriate Federal and State agencies, for developing and implementing a statewide training program for appropriate field office personnel.

Section 1327(c) requires the Secretary to ensure that all agricultural agents of the Extension Service have completed the training program established in subsection (a) not later than the end of the five-year period beginning on the date of enactment of this subtitle. Section 1327 further requires that beginning three years after the date of enactment, the Secretary shall ensure that all agricultural Extension Service agents employed by such Service are able to demonstrate, not later than 18 months after the employment of such agents, that such agents have completed the training program.

Section 1327(d) requires the Secretary to provide dealers of pesticides, fertilizers, and livestock production equipment, supplies, and feed ingredients with information on the programs detailed in this section to assist such dealers in transferring this information to agricultural producers.

Section 1327(e) provides that regional sustainable agriculture specialists may be designated to assist county agents and farmers to implement production practices developed under this subtitle, and section 1346. The regional sustainable agriculture specialists shall report to the State coordinator of that State, as designated by the Secretary. The specialists shall be responsible for developing and coordinating local dissemination of sustainable agriculture information in a manner that is useful to farmers in the region.

Section 1327(f) requires that the Extension Service within each State shall transfer information developed under this subtitle and section 1346, through a program that shall—

(1) assist in developing farmer-to-farmer information exchange networks to enable farmers making transitions to more sustainable farming systems to share ideas and draw on the experiences of other farmers;

(2) help coordinate and publicize a regular series of sustainable agriculture farm tours and field days within each State;

(3) plan for extension programming, including extensive farmer input and feedback, in the design of new and ongoing research endeavors related to sustainable agriculture;

(4) provide technical assistance to individual farmers in the design and implementation of farm management plans and strategies for making a transition to more sustainable agricultural systems;

(5) consult and work closely with the Soil Conservation Service and the Agricultural Stabilization and Conservation Service in carrying out the information, technical assistance, and related programs;

(6) develop, coordinate, and direct special education and outreach programs in areas highly susceptible to groundwater contamination, linking sustainable agriculture information with water quality improvement information;

(7) develop information sources relating to crop diversification, alternative crops, on-farm food or commodity processing, and on-farm energy generation;

(8) establish a well-water testing program designed to provide those persons dependent upon underground drinking water supplies with an understanding of the need for regular water testing, information on sources of testing, and an understanding of how to interpret test results and provide for the protection of underground water supplies;

(9) provide specific information on water quality practices developed through the research programs in section 1367;

(10) provide specific information on nutrient management practices developed through the research programs in section 1368; and

(11) develop whole-farm management systems integrating research results under this subtitle, subtitle I, and section 1346.

Section 1327(g) states the definition of the term "appropriate field office personnel".

Section 1327(h) provides that there are authorized to be appropriated to carry out this section $40,000,000 for each of the fiscal years 1991 through 1995.

Section 1328—Authorization for appropriations

Section 1328 provides that with the exception of sections 1326 and 1327, there are authorized to be appropriated $40,000,000 for each of the fiscal years 1991 through 1995 to carry out this subtitle. Section 1328 further states that of any amount that is appropriated under this section for a fiscal year to carry out the programs established under this subtitle, not less than $15,000,000, or not less than two-thirds of the amount appropriated for that fiscal year, whichever is greater, shall be used to carry out sections 1322, 1323, and 1325.

Section 1329—Repeal of agricultural productivity research provision

Section 1329 repeals Subtitle C (sections 1461 through 1471) of the National Agricultural Research, Extension, and Teaching Policy Act Amendments of 1985 (7 U.S.C. 4701).

SUBTITLE C—NATIONAL GENETICS RESOURCES PROGRAM

Section 1331—Establishment, purpose, and functions of the National Genetic Resources Program

Section 1331(a) requires the Secretary of Agriculture to provide for a National Genetic Resources Program (hereafter referred to in this section as the "program").

Section 1331(b) establishes as the purpose of the program as maintaining and enhancing a program that provides for the collection, preservation, and dissemination of genetic material of importance to American food and agriculture production.

Section 1331(c) requires the Secretary to administer the program through the Agricultural Research Service.

Section 1331(d) requires the Secretary, acting through the program, to—

(1) provide for the collection, classification, preservation, and dissemination of genetic material of importance to the food and agriculture sectors of the United States;

(2) conduct research on genetic materials collected on and on methods for storage and preservation of those materials;

(3) coordinate the activities of the program with similar domestic activities;

(4) make available the genetic material which the program assembles;

(5) expand the types of genetic resources included in the program to develop a comprehensive genetic resources program which includes plants, animal, aquatic, insect, microbiological, and other types of genetic resources of importance to food and agriculture; and

(6) engage in other activities the Secretary determines appropriate and the resources of the program permit.

Section 1332—Appointment and Authority of Director

Section 1332(a) establishes the position of Director of the National Genetic Resources program to be appointed by the Secretary. The Director shall perform duties as assigned by this subtitle and other duties as the Secretary may prescribe.

Section 1332(b) provides that the Secretary, acting through the Director—

(1) shall be responsible for the overall direction of the program and for the establishment and implementation of general policies respecting the management and operation of activities within the program;

(2) may secure consultation services of other persons;

(3) may accept voluntary and uncompensated services; and

(4) may perform such other administrative functions as the Secretary determines are needed to carry out this subtitle.

Section 1332(c) provides that the Director shall—

(1) advise participants on the program activities;

(2) coordinate, review and facilitate the identification and evaluation of relevant information generated under the program;

(3) promote the transfer of relevant information to the agriculture and food production community and to other entities requiring such information; and

(4) monitor the effectiveness of the transfer of relevant information.

Section 1332(d) states that the Director shall prepare and transmit to the Secretary and to the Congress a biennial report containing—

(1) a description of the activities and the policies of the program, and such recommendations respecting such activities and policies as the Director considers appropriate;

(2) a description of the necessity for, and progress achieved toward providing, additional programs and activities designed to include the range of genetic resources in the activities of the program; and

(3) an assessment of events and activities occurring internationally as they relate to the activities and policies of the program.

Section (e) provides that not later than one year after the date of the enactment of this Act, the Director shall transmit to the Secretary and to the Congress a report—

(1) describing the 10-year projected needs in each of the areas of genetic resources, including the identification of existing components of a comprehensive program, policies and activities needed to coordinate those components, and additional elements not in existence which are required for the development of a comprehensive genetic resources program;

(2) assessing the international efforts and activities related to the program, and their effect upon and coordination with the program; and

(3) evaluating the potential effect of various national laws, including national quarantine requirements, as well as treaties, agreements, and the activities of international organizations on the development of a comprehensive international system for the collection and maintenance of genetic resources of importance to agriculture.

Section 1333—Advisory Council

Section 1333(a)(1) provides that the Secretary shall establish an advisory council for the purpose of advising, assisting, consulting with, and making recommendations to, the Secretary and Director concerning the activities, policies and operations of the program.

Section 1333(a)(2) provides that the advisory council shall consist of ex officio members and not more than nine members appointed by the Secretary.

Section 1333(b) states that the ex officio members of the advisory council shall consist of the following (or their designees):

(1) The Director.

(2) The Assistant Secretary of Agriculture for Science and Education.

(3) The Director of the National Agricultural Library.

(4) The Director of the National Institutes of Health.
(5) The Director of the National Science Foundation.
(6) The Secretary of Energy.
(7) The Director of the Office of Science and Technology Policy.
(8) Such additional officers and employees of the United States as the Secretary determines necessary.

Section 1333(c) states that the members of the advisory council who are not ex officio members shall be appointed by the Secretary as follows:

(1) Two-thirds of the members shall be appointed from among the leading representatives of the scientific disciplines relevant to the activities of the program, including agricultural sciences, environmental sciences, natural resource sciences, health sciences, and nutritional sciences;

(2) One-third of the members shall be appointed from the general public and shall include leaders in fields of public policy, trade, international development, law, or management.

Section 1333(d) provides that members of the advisory council shall serve without compensation, if not otherwise officers or employees of the United States, except that they shall, while away from their homes or regular places of business in the performance of services for the advisory council, be allowed travel expenses, including per diem in lieu of subsistence, in the same manner as persons employed intermittently in the Government service.

Section 1333(e) provides for the establishment of terms of offices and provides for the filling of vacancies. Section 1333(f) states that the Secretary shall select as the chair of the advisory council one of the appointed members. The term of office of the chair shall be two years. Section 1333(g) sets forth the provisions for meeting of the advisory council. Section 1333(h) provides that the Director shall make available to the advisory council such staff, information, and other assistance as it may require. Section 1333(i) provides that the Director shall provide such orientation and training for new members of the advisory council as may be appropriate for their effective participation in the functions of the advisory council. Section 1333(j) states that the advisory council may prepare, for inclusion in a report (1) comments respecting the activities of the advisory council during the period covered by the report; (2) comments on the progress of the program in meeting its objectives; and (3) recommendations respecting the future directions, program, and policy emphasis of the program.

Section 1334—Definitions and Authorizations of Appropriations

Section 1334 defines some of the terms of the section and authorizes that there be appropriated such funds as may be necessary to carry out this subtitle for each of the fiscal years 1991 through 1995.

SUBTITLE D—NATIONAL AGRICULTURAL LIBRARY

Section 1335—Establishment, purposes, and functions of the National Agricultural Library

Section 1335(a) establishes in the Department of Agriculture the National Agricultural Library (hereafter in this section referred to as the "Library").

Section 1335(b) sets forth the purposes of the Library to be—

(1) furthering the advancement of agricultural and related sciences; and

(2) aiding the dissemination and exchange of scientific and other information important to the progress of agricultural and food production.

Section 1335(c) provides that the Library shall be administered by the Secretary of Agriculture.

Section 1335(d) requires the Secretary, acting through the Library, to:

(1) acquire and preserve books, periodicals, prints, films, recordings, and other library materials pertinent to agricultural and food related sciences;

(2) organize the materials specified in paragraph (1) by appropriate cataloging, indexing, bibliographical listings, and other methods;

(3) make available, through loans, photographic or other copying procedures, or other methods, such materials in the Library as the Secretary determines appropriate;

(4) provide reference and research assistance;

(5) provide agricultural information and information products and services—

(A) to Congress and agencies of the Federal Government; and

(B) to public and private organizations and individuals within the United States and internationally;

(6) plan for, coordinate, and evaluate information and library needs related to agricultural research and education;

(7) cooperate with and coordinate efforts undertaken by college and university libraries in conjunction with private industry and other agricultural library and information centers to develop a comprehensive agricultural library and information network;

(8) coordinate the development of specialized subject information services among the agricultural and library information communities; and

(9) engage in such other activities as the Secretary determines appropriate and as the resources of the Library permit.

Section 1335(e) provides that the Secretary may exchange, destroy, or otherwise dispose of any books, periodicals, films, and other library materials not needed for the permanent use of the Library.

Section 1335(f) provides that the Secretary may (1) carry out the functions specified in subsection (d), by issuing rules under which the Library will make available to public and private entities and to individuals—

(A) copies of its publications or materials;

(B) facilities for research; or

(C) bibliographic, reference, or other services,

and (2) provide for making available publications, materials, facilities, or services of the Library—

(A) without charge as a public service;

(B) upon a loan, exchange, or charge basis; or

(C) in appropriate circumstances, under contract arrangements made with a public or nonprofit private entity.

Section 1335(f)(3) requires that the Secretary, before issuing rules under paragraph (1), shall obtain the advice and recommendations of the Board of Regents.

Section 1336—Gifts

Section 1336(a) provides that the Secretary may accept on behalf of the United States gifts made conditionally or unconditionally, by will or other method, for the benefit of the Library or to carry out its functions. The Board of Regents shall make recommendations to the Secretary relating to the establishment within the Library of suitable memorials to donors.

Section 1336(b)(1) stipulates that the Secretary may not accept a gift under subsection (a) that is conditioned on the expenditure of Federal funds unless such expenditure has been approved by Act of Congress.

Section 1336(b)(2) requires that the principal of, and income from, a conditional gift accepted under subsection (a) shall be held, invested, reinvested, and used in accordance with its conditions.

Section 1336(b)(3) provides that the Board may recommend to the Secretary the acceptance under subsection (a) of conditional gifts for study, investigation, or research respecting the purpose for which the Library is established.

Section 1336(c)(1) requires the Secretary to deposit in the Treasury of the United States—

(A) any unconditional gift of money accepted under subsection (a);

(B) the net proceeds from the liquidation under subsection (d) or (e) of any other property so accepted; and

(C) the proceeds of insurance on any such gift property not used for its restoration.

Section 1336(c)(2) requires that the funds so deposited shall be held in trust by the Secretary of the Treasury for the benefit of the Library.

Section 1336(c)(3) gives the Secretary of the Treasury authority to invest and reinvest such funds in interest-bearing obligations of the United States or in obligations guaranteed as to both principal and interest by the United States.

Section 1336(c)(4) provides that such gifts and the income from such investments shall be available for expenditure in the operation of the Library and the performance of its functions, subject to the same examination and audit as is provided for appropriations made for the Library by Congress.

Section 1336(d) requires that the evidences of any unconditional gift of intangible personal property, other than money, accepted under subsection (a) be deposited with the Secretary of the Treasury, who may hold them or liquidate them, except that such evi-

dences shall be liquidated upon the request of the Secretary of Agriculture, whenever necessary to meet payments required in the operation of the Library or the performance of its functions. Additionally the proceeds and income from any such property held by the Secretary of the Treasury shall be available for expenditure as is provided in subsection (c).

Section 1336(e)(1) provides that the Secretary may hold and insure any real property or any tangible personal property accepted unconditionally under subsection (a) and may permit such property to be used for the operation of the Library and the performance of its functions. In the alternative, the Secretary may lease such property for the benefit of the Library.

Section 1336(e)(2) requires that the Secretary shall deposit any income derived from the lease of such property with the Secretary of the Treasury to be available for expenditure as provided in subsection (c), except that—

(A) the income from any such real property or tangible personal property shall be available for expenditure in the discretion of the Secretary for the maintenance, preservation, or repair and insurance of such property; and

(B) any proceeds from insurance may be used to restore the property insured.

Section 1336(e)(3) states that any such property when not required for the operation of the Library or the performance of its functions may be liquidated by the Secretary.

Section 1337—Board of Regents

Section 1337(a) requires that the Secretary shall establish a Board of Regents of the National Agricultural Library for the purpose of advising, consulting with, and making recommendations to the Secretary on matters of policy in regard to the Library and that the Board shall consist of ex officio members and 9 members appointed by the Secretary.

Section 1337(b) provides that the ex officio members of the Board shall consist of the following (or their designees):

(1) the Assistant Secretary of Agriculture for Science and Education;

(2) the Assistant Director for Biological, Behavioral, and Social Sciences of the National Science Foundation;

(3) the Director of the National Library of Medicine;

(4) the Librarian of Congress.

Section 1337(c) requires that the members of the Board who are not ex officio members shall be appointed by the Secretary as follows:

(1) Five members shall be selected from among leaders in fields of the agricultural sciences.

(2) Four members shall be selected from among leaders in the various fields of the fundamental sciences, communication and information sciences, education, or public affairs.

Section 1337(d) provides that the Board shall annually elect one of the members appointed under subsection (c) to serve as chair at the pleasure of the Board and that the Secretary shall designate a member of the Library staff to act as executive secretary of the Board.

Section 1337(e)(1) sets forth the purpose for which the Board is established. The Board shall provide recommendations to the Secretary regarding such matters as—

(A) the acquisition of materials for the Library;

(B) the scope, content, and organization of the services of the Library; and

(C) the rules under which its materials, publications, facilities, and services are made available to various kinds of users.

Section 1337(e)(2) requires the Secretary to include in the annual report of the Department of Agriculture a statement covering the recommendations made by the Board and any action taken by the Secretary regarding such recommendations.

Section 1337(f) gives the Secretary the authority to use the services of any member of the Board in connection with matters related to the work of the Library, for such periods, in addition to conference periods, as the Secretary may determine to be appropriate.

Section 1337(g) sets out the terms of office as follows: (1) Each member appointed under subsection (c) shall hold office for a term of 4 years, except that any member appointed to fill a vacancy occurring before the expiration of the term for which the predecessor of such member was appointed shall be appointed only for the remainder of such term and (2) A member who is appointed under subsection (c) may not be reappointed to the Board before 1 year after the date of the expiration of the term of such member.

Section 1337(h) provides that section 14(a) of the Federal Advisory Committee Act (5 U.S.C. App.) relating to the termination of an advisory committee shall not apply to the Board established under this section.

Section 1338—Definitions and Authorization of Appropriations

Section 1338(a) sets forth the definitions for purposes of this subtitle—

(1) The term "Library" means the National Agricultural Library.

(2) The term "Board" means the Board of Regents of the National Agricultural Library.

(3) The term "Secretary" means the Secretary of Agriculture.

Section 1338(b)(1) provides that there are authorized to be appropriated amounts sufficient for the erection and equipment of suitable and adequate buildings and facilities for the use of the Library, except that—

(A) the cost of planning any one facility shall not exceed $500,000; and

(B) the total cost of any one facility shall not exceed $5,000,000.

Section 1338(b)(2) provides that there are authorized to be appropriated such other funds as may be necessary to carry out this subtitle for each of the fiscal years 1991 through 1995.

The Committee recognizes that although many studies exist on nutrition and health as well as ongoing research within various federal, state and local governmental agencies, no single location within the government exists to make the results easily available to the Congress, other federal, State, and local governmental entities as well as interested members of the public. Therefore, the Committee encourages the Secretary of Agriculture to establish

within the existing Food and Nutrition Information Center of the National Agricultural Library (NAL), a Federal Clearinghouse on Nutritional Research ("Clearinghouse") and undertake an effort to inform the public of the availability of the service.

The Committee intends that the Clearinghouse should identify all ongoing research within the various Federal, State, and local governmental agencies, and to the maximum extent practicable, the private sector in the United States and in foreign countries, on the relationship between nutrition and personal health; monitor ongoing research into the role of nutrition in health, including, but not limited to, food safety, and methods by which the nutritional value of domestically produced food products may be improved; and utilize the current AGRICOLA system developed by the NAL to maintain a database of all existing research and information and, upon request, shall disseminate such information to Federal, State, and local governmental departments and agencies as well as other interested parties.

It is the hope of the Committee that each Federal agency and private entity that is performing nutrition research that is completely or partially funded by federally appropriated funds or grants shall cooperate with the Clearinghouse by informing the Clearinghouse of the research of such agency or entity, and by filing a copy of the final report of the product of such research with the Clearinghouse.

SUBTITLE E—NATIONAL AGRICULTURAL WEATHER INFORMATION SYSTEM

Section 1339—Short title, findings and purposes

Section 1339(a) provides that this subtitle may be cited as the "National Agricultural Weather Information System Act of 1990."

Section 1339(b), contains Congressional findings that—

(1) major causes of variability and losses in agricultural production are weather and climate factors;

(2) extreme weather conditions, such as drought, appear to be more frequently occurring, and further climate changes are likely;

(3) the Federal Government repeatedly has assumed responsibility for emergency aid to agricultural producers who suffer losses due to weather;

(4) it would be prudent and cost effective to prevent or reduce agricultural losses due to weather factors through better use of weather and climate information; and

(5) current agricultural weather and climate information and its delivery to agricultural producers is not adequate; and

(6) better application of weather and climate information will help conserve water resources, allow agricultural chemicals to be applied more efficiently, and reduce energy consumption by improved management decision making.

Section 1339(c), states that the purposes of this subtitle are to—

(1) provide a nationally coordinated agricultural weather information system, based on the participation of universities, State programs, Federal agencies, and the private weather con-

sulting sector, and targeted to meeting the weather and climate information needs of agricultural producers;

(2) facilitate the collection, organization, and dissemination of advisory weather and climate information relevant to agricultural producers through the participation of the private sector and otherwise;

(3) provide for research and education on agricultural weather and climate, aimed at improving the quality and quantity of weather and climate information available to agricultural producers; and

(4) encourage, where feasible, greater private sector participation in providing agricultural weather and climate information, to encourage private sector participation in educating and training farmers and others in the proper utilization of weather and climate information, and strengthen the ability of the private sector to provide site-specific weather forecasting for farmers and the agricultural sector in general.

Section 1340—Agricultural Weather Office

Section 1340(a) requires the Secretary of Agriculture to establish in the Department of Agriculture an Agricultural Weather Office to plan and administer the National Agricultural Weather Information System. The system is to be comprised of (1) the Agricultural Weather Office, and (2) the activities of the State agricultural weather information systems.

Section 1340(a)(2) requires the Secretary of Agriculture to appoint a Director to manage the activities of the Agricultural Weather Office and to advise the Secretary of Agriculture on the scientific and programmatic coordination for climate, weather, and remote sensing.

Section 1340(b) provides that the Secretary of Agriculture, acting through the office, may undertake the following activities—

(1) enter into cooperative projects with the National Weather Service;

(2) obtain standardized weather observation data collected through State agricultural weather information systems;

(3) provide, through the Cooperative State Research Service, competitive grants under subsection (c) for research in atmospheric sciences and climatology;

(4) provide grants to eligible States under section 1342 to plan and administer State agricultural weather information systems;

(5) coordinate the activities of the Office with the weather and climate research activities of the Cooperative State Research Service, the National Science Foundation Atmospheric Services Program, and the National Climate Program; and

(6) encourage private sector participation in the National Agricultural Weather Information System;

(7) represent the Department of Agriculture on agrometeorology and climate matters with the World Meteorological Organization, the Intergovernmental Program on Climate Change, and relevant science and technology agreements.

Section 1340(c) authorizes the Secretary of Agriculture to make grants, on a competitive basis, to State agricultural experiment sta-

tions, all colleges and universities, other research institutions and organizations, Federal agencies, private organizations and corporations, and individuals to carry out research in all aspects of atmospheric sciences and climatology that can be shown to be important in both a basic and developmental way to understanding and forecasting weather information.

Section 1340(d) requires the Secretary of Agriculture would be required to give priority to proposals that emphasize—

(1) techniques and processes that relate to weather-induced agricultural losses, and to improving the advisory information on weather extremes such as drought, floods, freezes, and storms well in advance of their actual occurrence;

(2) improvement of site-specific weather data collection and forecasting; or

(3) the effect of weather on economic and environmental costs in agricultural production.

Section 1341—National Advisory Board on Agricultural Weather

Section 1341(a), requires the Secretary of Agriculture to establish a permanent National Advisory Board on Agricultural Weather (hereinafter Board) to advise the Director of the Agricultural Weather and Climatology Office.

Section 1341(b) provides that the Board will be composed of nine members, to be appointed by the Secretary of Agriculture in consultation with the Director of the National Weather Service. Two members shall be appointed from each of the four cooperative extension service regions. Of the two members of the Board from each region, one shall be an agricultural producer and one an agricultural or atmospheric scientist. At least two members shall be appointed from among individuals who are engaged in providing private meteorology services or consulting with a private meteorology firm.

Section 1341(c) requires the Board to elect a chairperson from its members.

Section 1341(d) requires that each member of the Board be appointed for a three-year term, except to ensure that members of the Board serve staggered terms, the Secretary shall appoint three of the original members of the Board to appointments for one year, and three of the original members to appointments for two years.

Section 1341(e) requires the Board to meet not less than twice annually.

Section 1341(f) provides that members of the Board are to serve without compensation, except that while away from their homes or regular places of business in the performance of services for the Board, they will be allowed travel expenses, including a per diem allowance in lieu of subsistence, in the same manner as individuals employed in Government service are allowed expenses under section 5703 of title 5, United States Code.

Section 1341(g) provides that the Federal Advisory Committee Act shall not apply with respect to the Board.

Section 1342—State Agricultural Weather Information Systems

Section 1342(a) requires the Secretary of Agriculture, using funds allocated to carry out this section, to make grants to not fewer

than ten eligible States to plan and administer (in cooperation with the Director of the Agricultural Weather Office and the Administrator of the Cooperative State Research Service) advisory programs for State agricultural weather information systems. For purposes of selecting among applications submitted by States for such grants, the Secretary shall take into consideration the recommendations of the Advisory Board on Agricultural Weather and consult with the Director.

Section 1342(b) provides that, to be eligible to receive a grant, the chief executive officer of a State must submit to the Secretary an application that contains—

(1) assurances that the State will expend such grant to plan and administer a State agricultural weather information system that will—

(a) collect observational weather data throughout the State and provide such data to the National Weather Service and the Agricultural Weather Office; and

(b) develop methods for packaging information received from the National System for use by agricultural producers (with State extension services and the private sector to serve as the primary conduit of agricultural weather forecasts and climatic information to producers);

(c) develop programs to educate agricultural producers on how to best use weather and climate information management decisions and;

(2) other assurances and information as the Secretary might require by rule.

Section 1343—Funding

Section 1343(a)(1)) provides that not less than 15 percent and not more than 25 percent of the funds appropriated for a fiscal year to carry out this subtitle shall be used for cooperative work with the National Weather Service.

Section 1343(a)(2) provides that not less than 15 percent and not more than 25 percent of such funds shall be used by the Cooperative State Research Service for a competitive grants program.

Section 1343(a)(3) provides that not less than 25 percent and not more than 35 percent of such funds shall be divided equally between the participating States selected for that fiscal year.

Section 1343(a)(4) provides that the remaining funds shall be allocated for use by the Agricultural Weather Office and the Extension Service in carrying out the provisions of this subtitle.

Section 1343(b) provides that funds provided under the authority of this subtitle shall not be used for the construction of facilities. Each State or agency receiving funds shall not use more than 30 percent of such funds for equipment purchases. Any use of the funds in facilitating the distribution of agricultural and climate information to producers shall be done with consideration for the role that the private meteorological sector can play in such information delivery.

Section 1343(c) states that there are authorized to be appropriated $5,000,000 to carry out this subtitle for each of the fiscal years 1991 through 1995.

SUBTITLE F—PLANT AND ANIMAL PEST AND DISEASE CONTROL PROGRAM

Section 1344—Findings and Definitions

Section 1344(a) states the findings of subtitle F, regarding integrated pest management (IPM) approaches to pest control, including the fact that: IPM treats pests as part of the physical and biological crop production system; the environment in pest management is changing; a need exists to coordinate and develop pest control management systems; a need exists to enhance, expand, and coordinate existing Federal, State, and private research on pest management; an expansion of IPM research should include pest identification, field monitoring techniques, action guidelines, pest prevention and control, and biological controls; and IPM is a flexible, evolving strategy that must be continually updated.

Section 1344(b) defines the term "integrated pest management" to mean a pest or disease population management system that uses all suitable techniques, such as biological and cultural controls as well as pesticides, in a total production system to anticipate and prevent pests and diseases from reaching economically damaging levels. The term "pesticide" is given the same meaning that it has under the Federal Insecticide, Fungicide, and Rodenticide Act.

Section 1345—Establishment of Office

Section 1345(a) states that the Secretary of Agriculture, acting through the Assistant Secretary for Science and Education, shall establish the Office of Integrated Pest Management within 180 days of enactment.

Section 1345(b) authorizes the Secretary to appoint a chief for the Office who shall investigate and report on the status of IPM and recommend new research and extension strategies on IPM.

Section 1345(c) establishes a seven-person technical committee to advise the Secretary and the Chief of the Office regarding IPM research. The members of the technical committee shall be appointed by the Secretary from among scientists with appropriate expertise and from among individual researchers. Members of the committee shall serve three-year terms, initially staggered in length. Members of the committee shall serve without compensation but with paid travel expenses.

Section 1345(d) authorizes the Secretary to accept gifts on behalf of the Office.

Section 1345(e) mandates the establishment of pilot projects on IPM strategies.

Section 1345(f) mandates a report by January 15, 1995, on the IPM activities being carried out, including recommendations on the modification or elimination of the Office.

Section 1346—Plant and Animal Pest and Disease Control Program

Section 1346(a) states that the secretary shall undertake IPM research including research with Federal or State agencies and with private individuals or organizations, including research on IPM for cut roses and other fresh cut flowers, to be conducted through the Cooperative State Extension Service.

Section 1346(b) states that this Act shall not be construed as limiting or repealing the authority of the Administrator of the Envi-

ronmental Protection Agency regarding IPM under section 20(a) of the Federal Insecticide, Fungicide, and Rodenticide Act.

Section 1347—Pest and Disease Control Data Base and Pesticide Resistance Monitoring

Section 1347(a) requires the establishment of a data base on available materials and methods of pest and disease control listed by commodity involved and pest or disease being controlled, specifying currently available materials or methods of chemical, biological, cultural or other means of control and the extent of pest or disease resistance to controls detected by the resistance monitoring program under section 1347(d).

Section 1347(b) states that the Secretary shall set pest and disease research and extension priorities based upon needs revealed by the data base in section 1347(a).

Section 1347(c) requires the Secretary to make the information in the data base available through the National Agricultural Library and shall provide the information to the Administrator of the Environmental Protection Agency on an annual basis.

Section 1347(d) requires the Secretary of Agriculture to establish a national pesticide resistance monitoring program in accordance with the recommendations made in the report required by Section 1437 of the Food Security Act of 1985.

Section 1348—Research on Exotic Pests

Section 1348(a) states the purpose of this research program is to expand the research capacity of the Department of Agriculture and State cooperative institutions in the control and eradication of exotic pests.

Section 1348(b) states that the research conducted shall include improvement of existing methods of pest control, including sterile insect release, and development of safer pesticides, inducing pheremones and an expansion of research capacity to develop new methods of pest control including containment of pests for research purposes.

Section 1348(c) authorizes such sums as needed for the program authorized under this section.

Section 1349—Authorization of appropriations

This section authorizes $55,000,000 to carry out this subtitle (other than section 1348) for each of the fiscal years 1991 through 1995, with not less than $30,000,000 for the Cooperative Extension Service activities under this subtitle.

SUBTITLE G—RESEARCH REGARDING THE PRODUCTION, PREPARATION, PROCESSING, HANDLING, AND STORAGE OF AGRICULTURAL PRODUCTS

Section 1351—Findings, purpose, definition

Section 1351 (a) will provide the following Congressional findings:

(1) The wholesomeness of agricultural products is important to the welfare of the people of the United States.

(2) It is appropriate to periodically examine agricultural production and preparation, processing, handling and storage systems, especially with respect to harmful microbiological and

chemical agents that seriously undermine product wholesomeness and fitness.

(3) Additional research into the wholesomeness of agricultural products should be conducted to identify needed improvements in production, preparation, processing, handling and storage of agricultural products.

Section 1351 (b) will provide that the purpose of subtitle G is to authorize agricultural products research, not to implement any changes to current production, preparation, processing, handling and storage methods and procedures for agricultural products. In addition, this subtitle is not to be construed or interpreted to limit or otherwise affect the research programs of any agency or department of the Federal Government currently conducted or to be conducted under any other statutory authority.

Section 1351(c) defines the term "agricultural product" to mean the product of an agricultural commodity produced in the United States from a plant or animal or silvicultural activities, or an aquacultural species, including those raised and propagated in a controlled environment.

Section 1352—Research and Grant Program

Section 1352(a) requires the Secretary of Agriculture to establish a research program that will—

(1) establish a statistical framework to measure the potential risk associated with microbiological and chemical agents in or affecting agricultural products that seriously undermine product wholesomeness and fitness;

(2) identify any microbiological or chemical agent under the statistical framework; and

(3) identify the means to avoid microbiological and chemical agents in or affecting agricultural products or to control or reduce microbiological and chemical agents, including developing techniques for the rapid detection and identification of microbiological and chemical agents and analyzing agricultural production, processing, and distribution, to determine those points at which intervention could occur to control microbiological or chemical agents in or affecting an agricultural product.

Section 1352(b) provides that the Secretary of Agriculture may make competitive grants—

(1) after consultation with the committee established under section 1353,

(2) for periods not to exceed five years, and

(3) to persons and governmental entities to perform any of the research specified in subsection (a).

In addition, the Secretary must require the grant recipient to provide matching funds for the research unless the Secretary determines that the research should be performed regardless of the lack of matching funds.

Section 1352(c) prohibits any grant from being made or expended for the planning, repair, rehabilitation, acquisition, or construction of a building or facility.

Section 1352(d) requires a person or governmental entity, in order to be eligible to receive a grant under section 1352(b) to submit to the Secretary an application that contains—

(1) a proposal to carry out research for one or more of the activities specified in section 1352(a);

(2) an assurance that the person or entity will submit to the Secretary a detailed report of the research conducted with the grant; and

(3) other terms and conditions as the Secretary may require by rule.

Section 1353—Advisory committee and grant process

Section 1353(a) requires the Secretary of Agriculture to establish a committee to set research priorities for, and evaluate, proposed research projects for which grants under section 1352(b) are requested.

Section 1353(b) provides that the committee is to be comprised of nine members appointed by the Secretary as follows:

(1) The Secretary or the designee of the Secretary will be a member ex officio.

(2) Two members will be appointed from among scientists who are employed by colleges, universities, or State agricultural experiment stations and who are specially qualified to serve on the committee by virtue of their demonstrated, generally recognized expertise in food science, microbiology, veterinary medicine, pathology, or any other appropriate scientific discipline.

(3) Two members will be appointed from among scientists or public health professionals who are employed by private research organizations or other entities involved in food research and who are specially qualified to serve on the committee by virtue of their demonstrated, generally recognized expertise in food science, microbiology, veterinary medicine, pathology, or any other appropriate scientific discipline.

(4) Four members will be appointed from among individuals who are employees of the Federal Government and who are specially qualified to serve on the committee by virtue of their demonstrated, generally recognized expertise in food science, microbiology, veterinary medicine, pathology, or any other appropriate scientific discipline.

Section 1353(c) requires the Secretary, on receipt of the committee's recommendations with respect to research priorities for grants awarded under section 1352(b) to publish in the Federal Register—

(1) the proposed research priorities, and

(2) a notice requesting persons and governmental entities to submit written comments on the priorities to the Secretary not later than sixty days after publication of the notice.

In addition, after review of the comments, the Secretary is to establish final research priorities by notice in the Federal Register.

Section 1353(d)(1) requires the Secretary, on receipt of an application submitted under section 1352(b) for a grant to perform any of the research activities specified to refer the research proposal contained in the application to the committee for its review.

Section 1353(d)(2) requires the committee, in its review of applications, to establish peer review panels to review the scientific and technical merits of research proposals. In addition, the committee must seek the widest participation of qualified scientists and public health professionals in the panels.

Section 1353(d)(3) requires the peer review panels to report their findings and recommendations to the committee.

Section 1353(d)(4) requires both the committee and the peer review panels to consult and coordinate with other appropriate Federal advisory committees.

Section 1353(d)(5) requires the committee, after due consideration of the review panel comments, to recommend to the Secretary which grants may be made under title III for research.

Section 1353(e) requires the committee and peer review panels, in reviewing research proposals received under subsection (d), to identify both proposals for basic research and proposals for applied research, taking into consideration the practical application of the results of basic research and applied research.

Section 1353(f) requires the committee, as research projects under grants are completed, to review and forward the results of the projects to the Secretary along with any recommendations or suggestions of the committee.

Section 1353(g) exempts the committee and peer review panels from the requirements of the Federal Advisory Committee Act.

Section 1354—Reports to Congress

Section 1354(a) requires the Secretary of Agriculture to submit to the Committee on Agriculture of the House of Representatives and to the Committee on Agriculture, Nutrition, and Forestry of the Senate a report on the implementation of this subtitle not later than one year after the date of enactment.

Section 1354(b) requires the Secretary to report on the findings of the research funded under this title and provide any recommendations for implementation of the findings to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate, when all research grants made under subtitle G are completed.

Section 1355—Authorization of Appropriations

Section 1355(a) authorizes to be appropriated for each of the fiscal years 1991 through 1995 such sums as may be necessary to carry out this subtitle.

Section 1355(b) prohibits the Secretary of Agriculture from expending, for administrative costs, more than 4 percent of the amount appropriated under subsection (a) for any fiscal year.

SUBTITLE H—NATIONAL INSTITUTE FOR ALTERNATIVE AGRICULTURAL PRODUCTS

Subtitle H will establish the National Institute for Alternative Agricultural Products to facilitate, through research and related activities directed at developing new alternative products and uses of agricultural commodities, increased commercial usage of U.S. agricultural commodities. The Institute also would work to develop

enhanced marketing of existing agricultural products and processes. It will also encourage the introduction of alternative products and uses of agricultural commodities into the marketplace. The Institute will be located in the Department of Agriculture and headed by an independent National Agricultural Alternative Products Board.

Section 1356—Short title

Section 1356(a) provides that subtitle H may be cited as the "Alternative Agricultural Products Act of 1988".

Section 1356(b) establishes the purpose of Subtitle H, which is to substantially increase commercial use of agricultural commodities, mobilize private section initiatives, foster economic development in rural areas, establish markets for new nonfood, nonfeed uses of traditional and new agricultural commodities, encourage cooperative development and marketing effort among various private and public sectors of the economy, and direct, where possible, commercialization efforts toward development of new products from raw agricultural commodities raised by family farmers.

Section 1356(c)—Definitions

Section 1356(c) defines the terms "agricultural commodity", "alternative agricultural product", "Institute", "Secretary", "Director", "Board", "Regional Center", "Fund", and "commercialization" or "commercialize", as used in subtitle H. Specifically, section 1356(c) will define—

(1) in paragraph (1), the term "agricultural commodity" to mean a plant or animal, or tree, or aquacultural species propagated or raised in a controlled environment, or the products thereof;

(2) in paragraph (2), the term "alternative agricultural product" to mean a new use, application, or material that is derived from an agricultural commodity, and that is—

(a) not in widespread commercial use, and

(b) not expected to significantly displace a use, application, or material derived from an agricultural commodity that already is in widespread commercial use; and

(3) in paragraph (3), the terms "commercialization" or "commercialize" to include—

(a) activities associated with the development of prototype products or industrial plants;

(b) the application of technology and techniques to the development of industrial products; and

(c) the market development of new industrial uses of new and traditional agricultural commodities and processes, that will lead to the creation of goods and services that may be marketed for profit.

Section 1357—National institute for alternative agricultural products

Section 1357(a)—Establishment of institute

Section 1357(a) will require the Secretary of Agriculture to cause to be established a National Institute for Alternative Agricultural

Products to implement subtitle H. Section 1357(a) provides that the Institute is to be operated as an independent entity within the Department of Agriculture under the general supervision and policy control of the National Alternative Agricultural Products Board.

Section 1357(b) details the authorities of the Institute. Specifically, as necessary to implement subtitle H, the Institute—

(1) will be authorized to make grants to, and enter into cooperative agreements or contracts with, eligible applicants for research, development, and demonstration projects in accordance with section 1359;

(2) will make loans and interest subsidy payments and invest venture capital in accordance with Section 1360;

(3) will be required to provide technology transfer, information collection, and information dissemination;

(4) will be authorized to search for new industrial materials produced from agricultural commodities and for processes to produce such materials;

(5) will administer, maintain, and dispense funds from the Alternative Agricultural Products Technology Revolving Fund to facilitate the conduct of activities under this subtitle; and

(6) will be authorized to engage in other activities incident to such activities, and expend funds from the Fund established under section 1363 for such activities.

Further, the Institute also will be authorized to make grants to, and enter into cooperative agreements or contracts with, eligible applicants for research, development, and demonstration projects to implement subtitle H, and expend funds from the Fund established under section 1363 for such activities. In addition, the Institute will be required to administer and maintain, and dispense funds from, the Alternative Agricultural Products Technology Revolving Fund, as provided in section 1363, in order to facilitate the conduct of activities under title II.

Section 1357(c)—Director of the institute

Section 1357(c) provides that the National Institute for Alternative Agricultural Products will be headed by a Director, who is to be appointed by the National Alternative Agricultural Products Board and approved by the Secretary of Agriculture. The Director will receive basic pay not to exceed the rate provided for level III of the Executive Schedule under section 5314 of title 5, United States Code. The Director shall be appointed for a term of five years (subject to removal by the Board).

Section 1357(d) provides that the Director will be responsible to the Board for the overall management of the Institute and the implementation of general policies respecting the management and operation of programs and activities of the Institute under subtitle H. In carrying such responsibilities, the Director, subject to general supervision by the Board, on behalf of the Institute—

(1) would be required to ensure appropriate technical and scientific peer review of—

(a) applications made for grants, contracts, and cooperative agreements under sections 1359 and 1360;

(b) the conduct of research for which assistance is provided by the Institute; and

(c) research findings or reports resulting from grants, contracts, and cooperative agreements administered by the Institute as the Board determines necessary;

(2) would be required to ensure the making, where appropriate, of licensing and patent agreements, copyright fees, royalties, or other fee arrangements on the sales of products and new uses, applications, technologies, or processes developed through assistance provided through a grant, contract, or cooperative agreement to which the Institute is a party; and

(3) would be required to take necessary action to ensure, to the extent appropriate, that all channels for the dissemination and exchange of agricultural products and processes research are maintained between the Institute and other agricultural, scientific, and business entities.

Section. 1358—National alternative agricultural products board

Section 1358(a) will require the Secretary of Agriculture to establish the National Alternative Agricultural Products Board, which shall consist of ex officio nonvoting members and not more than 12 voting members appointed by the Secretary.

Section 1358(b) provides that the *ex officio members* of the Board will be such additional Government officers or employees as the Secretary of Agriculture determines necessary for the Board to effectively carry out its functions.

Section 1358(b) provides that the *voting members* of the Board are to be appointed as follows:

(1) three members are to be appointed by the Secretary of Agriculture from among the leading representatives of the scientific disciplines relevant to the activities of the Institute;

(2) three members who are producers or processors of agricultural commodities;

(3) three members who are privately engaged in the commercialization of new products from agricultural commodities; and

(4) three members who are representatives of private industries that have a history of successful commercialization of new products.

Section 1358(c) details the specific responsibilities of the Board. In this regard, it should be noted that, although the voting membership of the Board will be drawn from the nongovernmental sector, the Board will be given responsibilities that make the Board as a unit more than just an advisory unit. It will have duties similar to Federal independent commissions. Specifically, subsection (c) provides that the Board will—

(1) be responsible for the general supervision and policy control of the National Institute for Alternative Agricultural Products and Regional Centers;

(2) determine (in consultation with the advisory council appointed under section 1360) high priority research areas to receive assistance under that section;

(3) review and approve any grant, contract, or cooperative agreement to be made by the Institute in accordance with section 1359 or financial assistance to be made under section 1360;

(4) make the final decision, by majority vote, on whether and how to provide assistance to the applicant;

(5) establish program policy, objectives, research and development, and commercialization priorities to implement this subtitle, through a process of public hearings to be initiated as soon as practicable after the establishment of the Board; and

(6) using the results of such hearings and other information and data collected under paragraph (4), develop and establish a budget plan and a long-term operating plan to implement this subtitle.

Section 1358(d) provides that the term of office of a voting member of the Board shall be four years, except that six members shall be initially appointed for a two-year term and any member appointed to fill a vacancy for an unexpired term shall be appointed only for the remainder of such term. A vacancy on the Board shall be filled in the same manner as the original appointment.

Section 1358(e) will require the appointed voting members of the Board to select a chair from among the appointed voting members. The term of office of the chair will be two years.

Section 1358(f) will require the Board to meet at the call of the chair or at the request of the Director, but at least three times each fiscal year. The location of the meetings of the Board will be subject to the approval of the Director. A quorum of the Board will consist of a majority of the appointed voting members of the Board.

Section 1358(g), will authorize the Board to establish one or more temporary committees with scientific, technical, or other expertise, whose duties will be to provide information, analysis, and recommendations (at the request and direction of the Board) on scientific, technological, policy, and other matters, as determined necessary by the Board. The Federal Advisory Committee Act would not apply with respect to such temporary committees.

Section 1358(h) provides that members of the Board who otherwise are officers or employees of the United States will not receive any additional compensation for service on the Board. The other members of the Board are to receive, for each day (including travel time) they are engaged in the performance of the functions of the Board, compensation at a rate not to exceed the daily equivalent of the annual rate in effect for grade GS-18 of the General Schedule. All members of the Board would be reimbursed for travel, subsistence, and other necessary expenses incurred by them in the performance of their duties.

Section 1358(i) will prohibit (with an exception described below) any member of the Board from voting on any matter respecting any application, contract, claim, or other particular matter pending before the Institute or Corporation, in which (to the knowledge of the member) such member, spouse or minor child of such member, partner, or organization (other than the Corporation) in which such member is serving as officer, director, trustee, partner, or employee, or any person or organization with whom such member is negotiating or has any arrangement concerning prospective employment, has a financial interest. Action by a member of the Board that is contrary to the prohibition would be cause for removal of such member, but would not impair or otherwise affect the validity of any otherwise lawful action by the Institute or Corporation in which the member or officer participated. The prohibition will not apply if—

(1) a member of the Board advises the Board of the nature of the particular matter in which such member proposes to participate in and makes a full disclosure of the member's financial interest in the matter prior to any participation in consideration of that matter; and

(2) the Board determines, by majority vote (excluding the member involved), that the financial interest is too remote or too inconsequential to affect the integrity of such member's services to the Board in consideration of that matter.

The Secretary may veto any final decision made under subparagraph (3) of the section and must inform the Board of the reasons for that veto.

Section. 1359—Research and development grants, contracts, and agreements

Section 1359(a) provides that all State agricultural experiment stations, public and private educational institutions, Federal agencies, and individuals will be eligible to receive grants from, or enter into contracts or cooperative agreements with, the National Institute for Alternative Agricultural Products for research, development, or demonstration projects, as necessary to implement subtitle H.

Section 1359(b) provides that grants made, and contracts and cooperative agreements entered into, under this section shall be selected on a competitive basis on the recommendation of a peer review system to be established by the Institute. Such system shall contain peer review expertise in commercial production, product development, processing, and marketing of agricultural commodities as well as in scientific research.

Section 1359(c) will require the Institute to select research, development, or demonstration projects to receive such grants, or for the award of such contracts or cooperative agreements, based on the likelihood that the projects will result in creating or improving economically viable commercial products, applications, processes, or technologies that involve the use of raw or processed agricultural commodities. In addition, the following among other criteria must be considered in selecting projects to receive grants, or for contracts or cooperative agreements:

(1) the potential of the project developing technologies that use or modify existing agricultural commodities to provide an economically viable quantity of new products;

(2) the potential of the project developing new processes that might significantly increase the use of agricultural commodities;

(3) the potential marketability of the new product, the time period needed to market the new product, and the availability of the raw or processed agricultural commodity used in production;

(4) the potential that a project's selection could have on reducing the costs of Federal agricultural assistance programs;

(5) the unavailability of appropriate funding from other sources to develop new commercial products or processes from agricultural commodities;

(6) the positive effect that the new product involved in the project might have on resource conservation, public health and safety, and the environment; and

(7) the ability to produce the alternative agricultural product in or near the area where the agricultural commodity is produced.

Section 1359(d) will require that at least two-thirds of the funds obligated each fiscal year for grants, contracts, and cooperative agreements for research, development, and demonstration projects under section 1359 (obligated only for projects for which the applicant has committed substantial funding and support from its own resources, and also has entered into a cooperative agreement or other contractual arrangement with a commercial company domiciled in the United States. The agreement or arrangement with the commercial company must commit the company to—

(1) provide funds for at least 20 percent of the total cost of such project; and

(2) engage in commercial production and sale of the marketable products, processes, uses, applications, or technologies developed through the project, under appropriate licensing, royalty, or other agreements.

Not less than five percent of the funds obligated each fiscal year for grants, contracts, and cooperative agreements under this section shall be awarded only for projects submitted by the 1890 land-grant institutions, eligible to receive funds under the Act of August 30, 1890, including Tuskegee University.

Section 1359(e) and (f) contain matching fund limitations for grants, contracts, or cooperative agreements under section 1359. Specifically, they provide that funds committed by the Institute for any research, development, or demonstration project under a grant, contract, or cooperative agreement can in no case exceed 50 percent of the total cost of the project. Further, the Institution's disbursement of funds to each project must be matched with contemporaneous disbursement of non-Institute funds, so that each dollar of Institute funds is to be matched by one dollar or more from other than Institute funds, in the ratio agreed to by the Institute and the applicant.

Section 1360—Commercialization assistance

Section 1360(a) authorizes the Institute, at the discretion of the Board, to provide financial assistance to eligible projects to commercialize new non-food, nonfeed products using agricultural commodities. Such financial assistance would be in the form of—

(1) loans made or insured by the Corporation;

(2) interest subsidy payments made to a lender by the Corporation, under an agreement among the Corporation, the lender, and the borrower, in amounts determined under the agreement;

(3) venture capital invested by the Corporation in the form of a convertible debenture; or

(4) repayable grants that are matched by private or local public funds and that are repaid as agreed in a contract between the Corporation and entity.

Section 1360(b) provides that the Board shall appoint an Advisory Council to advise the Director and Board concerning all applications for assistance submitted under this section. The Advisory Council shall—

(1) review (or coordinate the review of) the technical, engineering, financial, and managerial soundness and marketing potential of the applications;

(2) by majority vote, make a nonbinding recommendation on each application submitted under this section;

(3) monitor the progress of ongoing projects and provide technical and business counseling as needed;

(4) monitor the operation of the Regional Centers; and

(5) provide technical and business counseling to entities that are not seeking financial assistance from the Corporation, but which are engaged in commercializing nonfood, nonfeed uses of agricultural commodities.

Section 1360(c) requires that to obtain financial assistance from the Institute under this section, an eligible entity shall file an application with the Director.

An application submitted to the Director shall—

(A) describe the proposal of the entity for the commercialization of a new product consistent with this section, including documentation that such proposal is scientifically sound, technologically feasible, and marketable.

(B) provide documentation that adequate private sector funding is not available, but that the applicant has the ability to obtain matching funds from the public or private sectors;

(C) provide documentation that the applicant has invested in the project a significant amount of the applicant's own resources, including time and money;

(D) provide documentation that the product or process has broad application and has the potential to be commercially viable without continual assistance;

(E) provide documentation that the proposal has broad participation by representatives of the public sector, the financial community, the private business community, State and local governments, educational institutions, the farm community, the science and engineering communities;

(F) provide documentation that an established relationship exists between the applicant and other entities to give the applicant access to private business assistance;

(G) provide assurances of legal compliance by the applicant with the terms and conditions of the receipt of assistance under this section; and

(H) provide assurances that the project will result in the creation of new jobs in rural communities.

Section 1360(d) authorizes the Board to give priority to applications that shall create jobs in economically distressed rural areas, applications that have State or local government financial participation, and applications that have private financial participation.

Section 1360(e) defines the term "eligible entity" to include a university or other educational institution, a nonprofit organization, or a business concern.

Section 1361—General rules regarding the provisions of assistance

Section 1361(a) provides that the Board shall publish in the Federal Register that it is receiving applications.

Section 1361(b) requires the Board to monitor the progress of projects it finances. This would include on-site reviews, written reports, or counseling.

Section 1361(c) requires that the Board establish an auditing and accounting system to ensure funds paid under section 1359 or 1360 are used by recipients only for the intended purpose.

Section 1361(d) provides for the exemption of private research institutions or commercial companies proprietary information to be disclosed under section 552 of title 5, United States Code.

Section 1361(e) requires the Board to obtain detailed estimates of project overhead and administrative costs from applicants and to give preference to those with the lowest effective costs.

Section 1361(f) provides that no grant, contract or cooperative agreement shall exceed three years.

Section 1361(g) prohibits planning, repair, rehabilitation, acquisition or construction of a building or a facility.

Section 1361(h) requires yearly reports to be submitted by the Board to the Secretary of Agriculture, the President and the Congress on the activities, progress, and accomplishments of the Institute. It is to also include the operating plan prepared under section 1358(c)(5).

Section 1362—Regional centers

Section 1362(a) requires the Board to establish not less than two nor more than five Regional Centers.

A Regional Center may not be established or operated in a fiscal year unless at least $5,000,000 has been appropriated for that fiscal year to carry out this subtitle.

Section 1362(b) requires each Regional Center to be located at a host institution in different States to reflect the different regional climatic conditions and rural economic stresses in the United States.

An institution that desires to be selected as a host institution for a Regional Center shall submit an application to the Board. The Board shall determine the location of the Regional Centers based on a competitive review of the contents of such applications and shall consider the ability of the applicant to carry out the activities specified in this section.

Section 1362(c) requires each institution submitting an application for a Regional Center to provide assurances that adequate funds or in-kind support (including office space, equipment and staff support) shall be provided to match the amount of funds used for administrative costs that are provided by the Federal Government under this subtitle, that the institution is qualified to carry out the activities required of a Regional Center, and concerning such other matters as the Board determines to be appropriate.

The matching funds may be provided by a consortia that may include the host institution and other public or private entities existing within various regions of the United States, including State and local governments, entities created by State and local govern-

ments, charitable organizations, public and private universities and other institutions of higher education, cooperatives, and economic development organizations.

Section 1362(d) requires that each Regional Center shall be headed by a full-time Regional Director who is selected by the Board and has a scientific or engineering background or experience in the development of new products or processes in the public or private sector.

Section 1362(e) provides that each Regional Center shall encourage interaction among the private and Federal laboratories, National Science Foundation centers, Department of Agriculture research programs (including the Institute), other Federal resources, State and local regional economic development programs, universities, colleges, the private sector, and the financial community, for the purpose of evaluating and commercializing new nonfood, nonfeed uses of agricultural commodities, identify broad areas where commercialization of new products and processes can contribute to economic growth in rural areas of the United States, provide technical assistance and related business and financial counseling for small domestic businesses to commercialize new nonfood, nonfeed uses of agricultural commodities, identify new nonfood, nonfeed products and processes that are worthy of financial assistance, make use of existing programs in scientific, engineering, technical, and management education that will support the accelerated commercialization of new nonfood, nonfeed products and processes using agricultural commodities, advise the Director on the viability of specific proposals submitted for financial assistance and on the type of assistance, if any, to be provided, coordinate their activities with the Small Business Development Centers, and coordinate their activities with the Institute.

Section 1362(f) provides that persons applying for assistance under this subtitle may submit their applications to a Regional Center for review.

The Directors of the Regional Centers shall work in consultation with the Advisory Council appointed under section 1360(b) to obtain peer review and evaluation of applications submitted to the Regional Centers.

The Advisory Council shall review applications submitted to the Regional Centers and, by majority vote, make a nonbinding recommendation on each proposal to the Regional Director involved.

The Regional Director, after consideration of the Advisory Council's recommendation and based on the comments of the reviewers, shall make and submit a recommendation to the Board along with the recommendation of the Advisory Council.

The recommendation submitted by a Regional Director is not binding on the Board.

Section 1363—Alternative agricultural products technology revolving fund

Section 1363(a) establishes in the Treasury a revolving fund, known as the Alternative Agricultural Products Technology Revolving Fund, to be available to the Institute, without fiscal year limitation, to carry out the authorized programs and activities of the Institute.

Section 1363(b) authorizes to be deposited in the Fund such amounts as may be appropriated or transferred to support the programs and activities of the Institute; payments received from any source for products, services, or property furnished in connection with the activities of the Institute; fees and royalties collected by the Institute from licensing or other arrangements relating to commercialization of products developed through projects funded in whole or part by grants, contracts, or cooperative agreements executed by the Institute; donations or contributions accepted by the Institute or the Corporation to support authorized programs and activities; and any other funds acquired by the Institute.

Section 1363(c) divides the Fund into two separate accounts as follows:

(A) An account to cover activities of the Institute under section 1359.

(B) An account to cover activities of the Institute under section 1360.

Monies deposited into the Fund shall be credited (as determined by the Board) to the account to which the monies relate.

Section 1363(d) applies the following restrictions to funding of projects and activities:

(1) Of the total amount of funds made available for a fiscal year under this subtitle—

(A) not more than 5 percent may be set aside to be used for authorized administrative expenses of the Institute in carrying out its functions;

(B) not more than 5 percent may be set aside to be used for information collection and dissemination, and technology transfer programs, authorized in this subtitle; and

(C) not less than 85 percent shall be set aside to be awarded to qualified applicants who file project applications with, or respond to requests for proposals from, the Institute under sections 1359 and 1360.

(2) Any funds remaining uncommitted at the end of a fiscal year shall be credited to the Fund and added to the total program funds available to the Institute for the next fiscal year.

Section 1363(e) prohibits funds deposited in the Fund from being used for facilities or equipment by recipients of grants or successful bidders for contracts or cooperative agreements.

Section 1363(f) provides that on expiration of the provisions of this subtitle, all assets (after payment of all outstanding obligations) of the Fund shall revert to the general fund of the Treasury.

Section 1363(g) authorizes to be appropriated to the Fund for each of the fiscal years 1991 through 1995 such sums as may be necessary to carry out this subtitle. Such sums shall be available without fiscal year limitation until expended.

SUBTITLE I—AGRICULTURE AND WATER POLICY COORDINATION

Part 1—Short Title, Definitions, Water Quality Policy, Coordination, Research, and Information

SECTION 1364—SHORT TITLE, PURPOSE, DEFINITIONS, AND AUTHORIZATION OF APPROPRIATIONS

Section 1364(a) provides that subtitle I may be cited as the "Agriculture and Water Policy Coordination Act".

Section 1364(b) states that the purposes of this subtitle are to ensure that the Department of Agriculture develops, implements, and sustains a coordinated integrated, and comprehensive intra-agency program to protect waters from contamination from agricultural chemicals and production and production practices and; to ensure that increased efforts by the Department of Agriculture in extension, technical assistance, and research on the relations between agricultural production and the contamination of water.

Section 1364(c) defines certain terms as follows—

(1) the term "agricultural nitrogen" means nitrogen in all forms (whether manmade, chemical, or biological which may be present or available for crop production;

(2) the term "contaminant means any matter which, in its original form or a metabolite, degradation, or waste product, as a constituent of water may impair the quality of water or may have a potential adverse effect on human health or the environment;

(3) the term "department" means the United States Department of Agriculture;

(4) the term "food and agricultural councils" means those councils established by the policy of the Secretary in each State and made up of the leaders of programs within each State that represent agriculture;

(5) the term "soil and water conservation committees" refers to the committees established within the respective States by State law and which include the leaders of appropriate State agencies that address soil and water conservation;

(6) the term "Secretary" means the Secretary of Agriculture; and

(7) the term "State" means any of the several States, the District of Columbia, the Commonwealth of Puerto Rico, the Commonwealth of the Northern Mariana Islands, American Samoa, Guam, the Virgin Islands, and federally recognized Indian tribes.

Section 1364(d) authorizes such sums as may be necessary for fiscal years 1991 through 1995 to carry out the provisions of subtitle I.

Section 1365—Water policy with respect to agrichemicals

Section 1365(a) states that the Department of Agriculture shall be the principal federal agency for developing and delivering technical assistance and research programs to users and dealers of agrichemicals on the prudent, economical, and environmentally sound use, storage and disposal of agrichemicals, and to educate agrichemical users, dealers, and the general public on water quality and

agrichemicals. Such activities are to be undertaken in cooperation with other Federal, State, and local governments and agencies and appropriate nonprofit organizations and with the Office of Environmental Quality authorized in section 1612 of the Act. The Secretary is required to disseminate the results of research, extension, technical assistance and related activities undertaken.

Section 1365(b) states that the Department shall include in its water program the following agencies: the Agricultural Research Service; the Agricultural Stabilization and Conservation Service; the Animal Plant Health Inspection Service; the Cooperative State Research Service in conjunction with the system of State agricultural experiment stations; the Economic Research Service; the Federal Extension Service, in conjunction with State and county cooperative extension services; the Forest Service; the National Agricultural Library; the National Agricultural Statistics Service; the Soil Conservation Service; and other agencies within the Department deemed appropriate by the Secretary.

Section 1366—State Water Quality Coordination Program

Section 1366(a) establishes a water quality coordination program within each State which, to the greatest extent possible, shall use the expertise of the food and agricultural councils.

Section 1366(b) designates the membership of the state water quality coordination program as: those departmental agencies identified in 1365(b) operating within the State, State agencies with complimentary water quality programs, especially the State soil and water conservation committees, if the agencies choose to participate, and the sustainable agriculture education program coordinator designated under section 1327(b)(2).

Section 1366(c) states that the Secretary shall designate a state water quality coordination program leader from among the Federal agency representatives designated under section 1366(b).

Section 1366(d) states the purposes of this section which are to serve as a focal point for coordinating the Department's water programs with agencies of the States. In addition, each state water quality coordination program will: serve as the focal point for Department-supported agricultural water programs being conducted within each state, coordinate Federal activities within the State with water quality plans being developed within the state; review progress being made on identification and mapping of hydrologic units within that State; and review the needs of that State to assess the Federal assistance required for State programs to address agricultural sources of water contamination. Section 1366(e) authorizes the chair of the water quality coordination program within each state to establish an ad hoc advisory panel.

Section 1366(f) states that the water quality coordination program for each State shall request representatives from the Agricultural Research Service and the state agricultural experiment stations and agricultural departments of the land-grant colleges to work with the program to establish water research agendas for each State. The agendas shall address the research topics identified in sections 1367 and 1368 and the concerns addressed in section 1366(d). The research priorities shall be compiled and reviewed by the appropriate regional and area divisions of the Cooperative

State Research Service and the Agricultural Research Service and will be included in the report required in section 1366(g).

Section 1366(g) requires an annual report by each state water quality coordination program to the Office of Environmental Quality established in section 1612 of this Act.

Section 1367—Water quality research

Section 1367(a) establishes a coordinated water quality research program at the Department which will focus on: reducing the sources of contaminants of surface and ground water; developing information and technologies needed to formulate integrated farm plans designed to avoid contamination of water, especially in areas with current or potential water quality problems; and monitoring and evaluating the extent to water contamination caused by farm chemicals, plant nutrients, and animal wastes.

Section 1367(b) states that activities under this section will be carried out in coordination with other programs at the Department, and other Federal and State governmental agencies.

Section 1367(c) states that water quality research projects funded under this section shall include research to help: develop farming systems and practices which can prevent water contamination while maintaining and improving profitability; improve the understanding of the fate and transport of farm chemicals, plant nutrients, and animal wastes which can contaminate water and cause adverse human or environmental effects; monitor and evaluate the extent of water contamination from agricultural production methods; improve the understanding of the relationship between water use and water quality; improve the accuracy of yield and nutrient advisories; improve the understanding of the ecological and biological aspects of agricultural production; demonstrate the results of research conducted under this section in cooperation with the Cooperative Extension Service, the Soil Conservation Service, and other entities; reduce water contamination and improve water quality relating to floricultural products; meet other water quality research needs as determined by the Secretary.

Section 1368—Nutrient management research

Section 1368(a) authorizes a research and development program on nutrient management practices relying, to the maximum extent possible, on multidisciplinary research teams.

Section 1368(b) states that research under this section shall be conducted in cooperation and coordination with Federal, State and other public and private entities, including the National Fertilizer and Environmental Research Center.

Section 1368(c) states that the research conducted under this section shall emphasize whole-farm systems approaches to nutrient management practices and shall include, among other topics: nutrient management, availability, and use efficiency, soil and tissue testing, enhancement of soil productivity, use and role of cover crops, legume management, nutrient use and water quality, subsoil fertility, and other critical areas identified by the Secretary.

Section 1369—Repository of agriculture and water quality planning information

This section establishes, at the National Agricultural Library, a repository of the reports developed under this subtitle and other information, including water quality planning documents, compilations of relevant Federal and State statutes, and listings of other data bases on water quality.

Section 1370—Data base on state plans and programs

Section 1370(a) establishes, in consultation with the Tennessee Valley Authority, an interactive data base at the National Agricultural Library on state laws that address relationships between agricultural production and water quality and information on state programs as compiled by the State water quality coordination programs.

Section 1370(b) states that the Director of the National Agricultural Library, together with the State water quality coordination programs and the Administrators of appropriate Departmental agencies shall develop standardized formats and procedures for data entry into the data base to facilitate access by interested partied in the States.

Section 1371—National agriculture and water data base

Section 1371(a) states that the Secretary shall prepare and submit a report to Congress within 270 days of enactment on the measures necessary to develop an interactive, descriptive national data base on agricultural practices and water quality. In preparing the report the Secretary shall identify the information required for the development of such a data base, determine the extent to which such information can be integrated into one data base, and develop a plan for implementing the development of such a data base.

Section 1371(b) states that the Secretary, in preparing the report, shall consult with appropriate Federal agencies and such other persons as appropriate.

Section 1371(c) states that 90 days after the submission of the report, the Secretary shall initiate the development of the data base in accordance with the report.

Part 2—Experimental Water Quality Enhancement Program

Section 1372—Program eligibility

Section 1372(a) states that during the 1991 through 1995 crop years, the Secretary shall formulate and implement an experimental water quality enhancement program to assist owners and operators of farms and ranches affected by programs under section 319 of the Federal Water Pollution Control Act or in areas designated by the Secretary to minimize ground and surface water contamination from agricultural production practices.

Section 1372(b) states the Secretary shall enter into agreements with ranchers and farmers contributing to water quality problems in designated areas.

Section 1372(c) allows the Secretary to include land outside of designated areas if continuing existing management practices on that land would defeat the purpose of this program.

Section 1372(d) states the Secretary shall formulate a water quality management plan for farms and ranches subject to agreements under this program.

Section 1372 (e) states that the term of the agreements under this program shall be between three and five years.

Section 1373—Duties of Owners and Operators

Section 1373(a) states that during the term of an agreement under this program an owner or operator of a farm or ranch must agree to: implement a water quality management plan approved by the local conservation district for water quality improvement subject to the agreement established under section 1372; consider recommendations by the Secretary or designee for application and disposal of nutrients, pesticides, and animal waste materials; certify nutrient, pesticide, and animal waste usage rates for three previous years; supply various production and well-test data to the county committee for each year of the agreement; be ineligible for any assistance or payment specified in section 1211 or 1221 of this bill upon violation of a term or condition of the agreement; upon transfer of the land subject to the agreement, unless the transferee agrees to assume the obligations of the agreement, forfeit all rights to exceed permitted acres or reduced set aside; not to conduct any practice on the land that would defeat the purposes of this program; and comply with additional provisions as determined by the Secretary.

Section 1373(b) states that water quality management plans under section 1373(a) shall set forth the best management practices to be used.

Section 1374—Duties of the Secretary

This section states the responsibilities of the Secretary upon entering into an agreement with a farm or ranch owner or operator under this program, including: providing reductions in set aside requirements; increasing permitted acreage of program crops, except quota or allotment crops; allow program deficiency payments to be based upon the greater of established yield or actual yield; not requiring structural practices as a requirement of participation in the program; encouraging the participant to obtain cost share assistance under Federal, State, or local programs; providing an operating loan to implement the water quality plan or conduct well testing; and providing technical assistance to the owner or operator.

Section 1375—Water quality management plans

Section 1375(a) states that no plan shall be required under this program that requires above normal expenditures by the owner or operator unless the owner or operator approves or unless financial assistance is available.

Section 1375(b) states the range of farm and ranch operations included in the water quality management plan.

Section 1376—Agreements

Section 1376(a) states that if, during the term of the agreement under this program the land is sold or transferred the new owner or operator may continue the agreement, enter into a new agreement, or elect not to participate.

Section 1376(b) states that the Secretary may modify a contract with an owner or operator under this program if the owner or operator agrees to the modification or if the Secretary determines that such modification is desirable.

Section 1376(c) states that the Secretary may terminate an agreement under this program if the owner or operator requests termination, the owner or operator violates the terms or conditions of the agreement and the Secretary agrees that such termination would be in the public interest.

The Committee expects the Secretary to prescribe such regulations and guidelines as necessary so that in no event shall a producer who is participating in two or more water quality, ICM, or other environmental enhancement programs receive multiple benefits for duplicative management requirements.

SUBTITLE J—MISCELLANEOUS RESEARCH PROVISIONS

Section 1377—Biotechnology risk assessment research

Section 1377(a) finds the following:

(1) Rapid advances in the application of biotechnology to agriculture have resulted, and will continue to result, in the development of products whose research, evaluation, and commercial use require introduction into the environment.

(2) Additional scientific information regarding the effects of the introduction of genetically engineered organisms into the environment, and the development of methods to contain and monitor such introductions, are needed to—

(A) help researchers to make sound judgments regarding the overall environmental impacts of genetically engineered organisms they develop and to design projects that minimize any risks associated with the introduction of such genetically engineered organisms; and

(B) help regulators make scientifically sound and timely decisions regarding the introduction of genetically engineered organisms.

Section 1377(b) authorizes:

(1) environmental assessment research to the extent necessary to help address general concerns about environmental effects of biotechnology; and

(2) research to help regulators develop policies, as soon as practicable, concerning the introduction into the environment of such technology.

Section 1377(c) authorizes the Secretary of Agriculture to establish a grant program within the Cooperative State Research Service and the Agricultural Research Service to provide the necessary funding for environmental assessment research concerning the introduction of genetically engineered organisms into the environment.

Section 1377(d) states that the types of research for which grants may be made under this section shall include the following:

(1) Research designed to develop methods to physically and biologically contain genetically engineered animals, plants, and microorganisms once they are introduced into the environment.

(2) Research designed to develop methods to monitor the dispersal of genetically engineered animals, plants, and microorganisms.

(3) Research designed to further existing knowledge with respect to the rates and methods of gene transfer that may occur between genetically engineered organisms and related wild and agricultural organisms.

(4) Other areas of research designed to further the purposes of this section.

Section 1377(e) provides that grants under this section shall be:

(1) made on the basis of the quality of the proposed research project; and

(2) available to any public or private research or educational institution or organization.

Section 1377(f) provides that in considering specific areas of research for funding under this section, the Secretary of Agriculture shall consult with the Administrator of the Animal and Plant Health Inspection Service, the Office of Agricultural Biotechnology, and the Agricultural Biotechnology Research Advisory Committee.

Section 1377(g) provides that the Secretary of Agriculture shall coordinate research funded under this section with the Office of Research and Development of the Environmental Protection Agency in order to avoid duplication of research activities.

Section 1377(h) authorizes to be appropriated such sums as necessary to carry out this section, and provides that the Secretary of Agriculture shall withhold from outlays of the Department of Agriculture for research on biotechnology, as defined and determined by the Secretary, at least one percent of such amount for the purpose of making grants under this section for research on biotechnology risk assessment.

Section 1378—Graduate School of the United States Department of Agriculture

Section 1378(a) authorizes the head of a Federal agency or major organizational unit within any agency, including agencies and offices within the Department of Agriculture, to place an order, or enter into an agreement, with the Graduate School of the United States Department of Agriculture under the provisions of section 1535 of title 31, United States Code, for training as defined in section 4101 of title 5, United States Code, and for other services incidental to the provision of such training.

Section 1378(b) authorizes the USDA Graduate School to obtain any goods or services necessary to the fulfillment of such order or its obligations under such agreement without regard to the requirements of the Federal Property and Administrative Services Act of 1949 (40 U.S.C. 471 et seq.), or any other law that prescribes procedures for the procurement of property or services by an executive agency.

Section 1378(c) states that the financial records of the USDA Graduate School relating to such orders or agreements shall be made available to the Comptroller General of the United States for purposes of conducting an audit.

Section 1379—Pesticide Impact Response Program

Section 1379(a) provides for the establishment, management, and coordination, through a Pesticide Impact Response Program, of the collection and analysis of information by the Department of Agriculture and States—

(1) on pesticide use in agricultural activities; and

(2) the impact of pesticide regulations, as proposed and implemented under the Federal Insecticide, Fungicide, and Rodenticide Act (7 U.S.C. 136 et seq.) on the agricultural economy, including the impact on the production and prices of agricultural commodities and retail food prices.

Section 1379(b) provides that the Secretary shall appoint a Board of Pesticide Assessments to provide advice on the policies, priorities, and operations of the staff for, and projects carried out under, the program established in this section. The Board shall be chaired by an appropriate policy level official of the Department of Agriculture.

Section 1379(c) requires that the Board shall consist of:

(1) The Director of the Pesticide Impact Response Program.

(2) A representative of each of the following:

(A) Agricultural Research Service.

(B) Cooperative State Research Service.

(C) Economic Research Service.

(D) Extension Service.

(E) Other agencies as deemed necessary by the Secretary.

Section 1379(d) authorizes the Secretary to appoint staff as necessary with the appropriate scientific and technical expertise needed to carry out the purposes of the program.

Section 1379(d) further provides that, at the request of the Director, the head of any Federal agency may detail to the staff, or to any project administered or coordinated under the program personnel of such agency.

Section 1379(e) provides that the staff of the program shall be headed by a Director appointed by the Secretary, and that the Director shall have the authority and responsibility to—

(A) establish the priorities of the program required by subsection (f); and

(B) coordinate the activities of agricultural agencies under the Assistant Secretary for Science and Education with the activities of other agencies of the Department of Agriculture in order to support the policies of the Department on pesticides.

Section 1379(f) establishes the Pesticide Impact Response Program by authorizing the Secretary, acting through the Board, to:

(1) establish and conduct a program to be known as the Pesticide Impact Response Program, to assess—

(A) the benefits of pesticides used in agricultural activities; and

(B) the impact of pesticide regulations and actions of the Administrator of the Environmental Protection Agency;

(2) develop a memorandum of understanding with the Administrator of the Environmental Protection Agency, to assure that pesticide assessments developed under the program are—

(A) suitable to the needs and requirements of the Environmental Protection Agency;

(B) of sufficient quality to be publishable works of research; and

(C) released in a timely manner with respect to proposed Environmental Protection Agency regulations;

(3) develop an understanding and a mechanism to assist the Administrator of the Environmental Protection Agency, when the Administrator is developing a suspension order under section 6 of the Federal Insecticide, Fungicide, and Rodenticide Act (7 U.S.C. 136d), in developing benefits and use data regarding the pesticide and information on exposure;

(4) participate in establishing data collection priorities under section 1380 in order to satisfy any requirements or priorities relevant to the program;

(5) consult with the Administrator of the Environmental Protection Agency in order to anticipate actions that may entail the cancellation, restriction, or reclassification of pesticides used in agricultural activities.

Section 1379(g) requires that not later than one year after the date of the enactment of this Act, the Director shall prepare a five-year planning report on the priorities of the program (including the priorities established by the Director) for the five-year period beginning on the date of enactment of this Act. The report is required to be updated for each five-year period thereafter.

Section 1379(g) further requires the Director to periodically or as necessary prepare reports and bulletins or issue notices on the extent and nature of the regulatory activities of the Environmental Protection Agency that may result in the cancellation, restriction, or reclassification of pesticides, or otherwise limit their availability or use in agricultural activities. The Secretary is required to make such information available to Congress and relevant agricultural crop and commodity groups potentially affected by the cancellation, restriction, and reclassification of a specific pesticide.

Section 1379(h) provides for the following definitions:

(1) The term "Director" means the Director of the staff of the Pesticide Impact Response Program.

(2) The term "Board" means the Board of Pesticide Assessments.

(3) The term "program" means the Pesticide Impact Response Program established under this section.

(4) The term "Secretary" means the Secretary of Agriculture.

Section 1380—Collection of pesticide use information

Section 1380(a) authorizes the Secretary of Agriculture to collect data of statewide significance on the use of pesticides to control pests and diseases of major crops and crops of dietary significance, as determined by the Secretary. Such data shall be collected by

surveys of farmers or from other sources offering statistically reliable data.

Section 1380(b) authorizes that the Secretary shall ensure that the information collected under this section also satisfies the priorities and requirements specified in section 1379 to the extent the Secretary determines necessary.

Section 1380(b) further provides that pesticide use information collected under this section shall be—

(A) submitted to the Director of the Pesticide Impact Response Program; and

(B) made available to the public through the National Agricultural Library and other sources as appropriate.

Section 1380(c) provides that pesticide use information required to be collected by this section shall be collected and updated in a timely manner consistent with the needs and purposes established under section 1379.

Section 1381—Disposal of agricultural chemicals and agricultural chemical containers

Section 1381 authorizes the Secretary of Agriculture to direct the Extension Service to operate a program in each State to catalogue the Federal, State, and local laws and regulations which govern the disposal of unused or unwanted agricultural chemicals and agricultural chemical containers in such State. The program established under this section shall also make available to producers of agricultural commodities and the general public, and provide upon request, educational materials developed or collected by the program.

Section 1382—National farm safety study

Section 1382(a) requires that the Secretary of Agriculture, acting through the Economic Research Service and the National Agricultural Statistics Service, shall conduct a nationwide study of the frequency and the types of agricultural accidents resulting in physical injuries that involve farmers, ranchers, and their employees.

Section 1382(a) further requires that in conducting the study, the Secretary shall analyze agricultural accidents involving the following:

(A) Farm equipment and machinery.

(B) Agricultural chemicals.

(C) Livestock.

(D) Farm buildings.

Section 1382(a) also requires that the study differentiate between accidents occurring on farms that are related to agricultural-related employment and those accidents occurring on farms that are not related to agricultural employment.

Section 1382(b) requires that in order to provide a comprehensive data base for the study required by this section, the Secretary of Agriculture shall consult with existing informational sources on accidents, such as the National Safety Council, the National Institute of Occupational Safety and Health, equipment manufacturers, agricultural producer organizations, State departments of agriculture, health or labor, insurance companies, and other persons, as determined necessary and appropriate by the Secretary.

Section 1381(c) authorizes the Secretary to make special grants under section 2(c)(1) of the Act of August 4, 1965 (7 U.S.C. 450i(c)(1)), to public and private institutions to--

(1) gather and provide relevant regional information on agricultural accidents; and

(2) perform such other tasks as determined by the Secretary to be needed to acquire and analyze the information required to be collected under subsection (a).

Section 1382(d) provides that the Secretary of Agriculture shall use the information gathered pursuant to subsection (a) to instruct the Extension Service of the adequacy or deficiency of existing farm safety programs operating within various regions of the country.

Section 1382(d) further provides that the Secretary, acting through the Extension Service, and in cooperation with agricultural organizations, State departments of agriculture, machinery manufacturers, and land-grant universities, shall coordinate and disseminate information relating to farm safety programs to farmers, ranchers, and their employees.

Section 1382(e) requires the Secretary of Agriculture to request the Secretary of Commerce to include questions relating to agricultural accidents and farm safety in the 1992 Census of Agriculture.

Section 1382(f) requires that, not later than January 1, 1992, the Secretary shall submit a report to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate describing the findings and recommendations of the study required by this section.

Section 1383—Plant Genome Mapping Program

Section 1383(a) requires the Secretary of Agriculture to conduct a research program for the purpose of—

(1) supporting basic and applied research and technology development in the area of plant genome structure and function;

(2) providing U.S. leadership in biotechnology; and

(3) providing crop varieties that may be cultivated profitably without negatively impacting the environment.

Section 1383(b) provides that the Secretary may make competitive grants, for periods not to exceed five years, to State agricultural experiment stations, all colleges and universities, other research institutions and organizations, Federal agencies, private organizations or corporations, and individuals for research projects in the research areas identified in subsection (c).

Section 1383(c) provides that grants available under subsection (b) shall be awarded in the following research areas:

(1) Construction of plant genome maps.

(2) Identification, characterization, transfer, and expression of genes of agricultural importance.

(3) Technology development in the areas of plant genome mapping, sequencing, gene transfer, and data management.

(4) Research on microorganisms associated with plants, such as plant pathogens and plant symbionts.

Section 1383(d) requires that, not later than 90 days after the date of the enactment of this Act, the Secretary shall submit to the Congress a detailed plan for awarding grants under this section.

Section 1383(e) provides that the Secretary shall coordinate activities under this section with related activities sponsored by the National Science Foundation, the National Institutes of Health, the Department of Energy, and the Department of Commerce.

Section 1383(f) requires that the Secretary shall require (when the Secretary considers it to be appropriate) licensing and patent agreements, copyright fees, royalties, or other fee arrangements on the sales of products and new uses, applications, technologies, or processes developed through assistance provided under this section.

Section 1383(g) requires the Secretary to submit to the Congress an annual report describing the operations of the grant program authorized by this section during the preceding fiscal year.

Section 1383(h) authorizes to be appropriated such sums as may be necessary to carry out this section.

Section 1384—Composting Research and Extension Program

Section 1384(a) finds that:

(1) Composting of agricultural wastes can help prevent contamination of water supplies and alleviate waste removal burdens on farmers.

(2) The Department of Agriculture should support an agricultural waste management hierarchy emphasizing—

(A) source reduction;

(B) applying certain agricultural wastes directly to the soil;

(C) recovery and reuse of valuable elements, such as starches, fats, and oils;

(D) composting of wastes following separation of valuable elements; and

(E) safe disposal of waste which cannot be reused or composted.

(3) Compost can be a safe and useful soil additive which can help to stabilize and enrich soil, prevent erosion of farm lands, and reduce the need for chemical fertilizers.

(4) The use of compost as a substitute for other soil additives can help avoid the depletion of raw materials and protect the environment.

(5) The Department of Agriculture is uniquely qualified to research appropriate uses and markets for compost.

(6) The Federal Government, acting through the Department of Agriculture, should help facilitate the use of compost.

Section 1384(b) states that it is the purpose of this section to require the Secretary of Agriculture to identify appropriate methods of composting agricultural wastes and potential uses for such compost.

Section 1384(c) requires that, not later than six months after the date of the enactment of this Act, the Secretary of Agriculture shall establish a Compost Task Force, which shall meet at least four times annually.

Section 1384(c) further requires that the Compost Task Force shall consist of 15 members, appointed by the Secretary from—

(A) representatives of the Department of Commerce, the Environmental Protection Agency, the Department of the Interior, the Food and Drug Administration, the United States

Trade Representative, Federal Highway Administration, States with laws on composting; and

(B) representatives of agricultural interests (including livestock, forestry, fishing, nursery, horticulture, vineyard, and orchard interests), landscapers and builders, the composting industry, microbiological scientists, food and fiber processors, food service industries, public interest groups, and manufacturers of consumer product packaging.

(3) The Secretary shall serve as the chairperson of the Compost Task Force.

(4) In its deliberations, the Compost Task Force shall consult regularly with and solicit recommendations from the agencies, organizations, and entities referred to in paragraph (2).

(5) Section 14(a)(2) of the Federal Advisory Committee Act (5 U.S.C. App.) shall not apply with respect to the Compost Task Force.

Section 1384(d) requires that the Secretary, in consultation with the Compost Task Force, shall conduct a study of processes for composting agricultural wastes. The study required under this paragraph shall include evaluation of composting wastes resulting from the production, processing, and distribution of food, fiber, forestry, livestock, and fish products.

Section 1384(d) further requires the Secretary, in consultation with the Compost Task Force, to conduct research on potential uses for compost derived from agricultural wastes, and from other waste streams as appropriate, and identify domestic and international markets for such compost. The research required under this paragraph shall include evaluation of the application of compost derived from agricultural wastes on soil, plants, and food and fiber crops.

Section 1394(d) further requires the Secretary to assemble (and submit to the Congress) a catalogue of laws, rules, and programs adopted by State and local governments, and foreign countries, that—

(A) establish standards for compost quality;

(B) set definitions for processing, handling, or using compost; or

(C) otherwise affect the production or use of compost.

Section 1384(e) requires that, beginning not later than one year after the date of the enactment of this Act, the Secretary shall initiate extension efforts (including seminars, demonstration projects, and dissemination of materials) to inform the agricultural community and the general public regarding—

(A) the desirability and safety of compost derived from agricultural wastes;

(B) on-farm and other composting techniques; and

(C) procedures for using compost.

Section 1384(e) further requires the Secretary to consider designating composting as a farm conservation practice eligible for cost-sharing.

Section 1384(f) provides that, not later than six months after the date of the enactment of this Act, the Secretary shall undertake efforts to enter into agreements with appropriate Federal agencies, including the Federal Highway Administration and the Depart-

ment of the Interior, to identify opportunities for applying compost on Federal lands.

Section 1384(g) requires that the Secretary shall publish, and disseminate to all entities which receive United States Department of Agriculture funding, the results of the activities of the Secretary under subsection (d). Such publications shall contain technical and economic information useful to the public concerning composting techniques and uses for compost.

Section 1384(h) requires that not later than six months after the date of the enactment of this Act, and every one year thereafter, the Secretary shall submit to the Congress a report in compliance with this section.

Section 1384(h) further requires that the Secretary shall include in each report a description of the results of any study or research conducted under subsection (d) during the period covered by the report.

Section 1385—Aflatoxin Research Program

Section 1385 authorizes the Secretary of Agriculture to conduct a research program for the purpose of determining the presence of aflatoxin in the food and feed chains. The research required under this section shall include research in the following areas:

(1) The examination of agricultural commodities, products, and feeds for the presence and quantity of aflatoxin.

(2) The examination of human populations to assess the exposure level to aflatoxin.

(3) The examination of safe levels of aflatoxin in the food and feed chains.

(4) The development and assessment of control methods for aflatoxin, including methods to handle, store, detoxify, and dispose of aflatoxin-contaminated agricultural commodities, products, and feeds.

(5) The development of effective methods of controlling the aflatoxin contamination of agricultural products in international trade when the level of such contamination exceeds an acceptable level.

(6) The development of plants resistant to aflatoxin contamination.

(7) The improvement of sampling and analysis methods for aflatoxin.

(8) The effect of aflatoxin on animal disease through immunosuppression and interaction with other disease agents.

(9) The economic consequences of aflatoxin contamination.

Section 1386—Agricultural Telecommunications Program

Section 1386(a) states that the program established under this section is intended to encourage the development and utilization of an agricultural communications network to facilitate and to strengthen agricultural extension, resident education and research, and domestic and international marketing of U.S. agricultural commodities and products through a partnership between eligible institutions and the Department of Agriculture. The network will employ satellite and other telecommunications technology to dis-

seminate and to share academic instruction, cooperative extension programming, agricultural research, and marketing information.

Section 1386(b) states that the objectives of the program established under this section are—

(1) to make optimal use of available resources for agricultural extension, resident education, and research by sharing resources between participating institutions;

(2) to improve the competitive position of United States agriculture in international markets by disseminating information to producers, processors, and researchers;

(3) to train students for careers in agriculture and food industries;

(4) to facilitate interaction among leading agricultural scientists;

(5) to enhance the ability of U.S. agriculture to respond to environmental and food safety concerns; and

(6) to identify new uses for farm commodities and to increase the demand for U.S. agricultural products in both domestic and foreign markets.

Section 1386(c) defines the following terms:

(1) The term "eligible institution" means an accredited institution of higher education determined by the Secretary to be able to meet the objectives identified in subsection (b).

(2) The term "communications network" refers to television or cable television origination or distribution equipment, signal conversion equipment (including both modulators and demodulators), computer hardware and software, programs or terminals, or related devices, used to process and exchange data through a telecommunications system in which signals are generated, modified, or prepared for transmission, or received, via telecommunications terminal equipment or via telecommunications transmission.

(3) The term "delivery" means the transmission and reception of programs by facilities that transmit, receive, or carry data between telecommunications terminal equipment at each end of a telecommunications circuit or path.

(4) The term "facilities" includes microwave antennae, fiber-optic cables and repeaters, coaxial cables, communications satellite ground station complexes, copper cable electronic equipment associated with telecommunications transmission, and similar items as defined by the Secretary.

(5) The term "satellite ground station complex" includes transmitters, receivers, and communications antennae at the Earth station site together with the interconnecting terrestrial transmission facilities (including cables, line, or microwave facilities) and modulating and demodulating equipment necessary for processing traffic received from the terrestrial distribution system prior to transmission via satellite and the traffic received from the satellite prior to transfer to terrestrial distribution systems.

Section 1386(d) authorizes the Secretary to establish a program, to be administered by the Assistant Secretary for Science and Education, under which financial and technical assistance may be provided to eligible institutions that participate in a network that dis-

tributes programs consistent with the objectives described in subsection (b).

Section 1386(d) further states that the Secretary may approve all or part of any application submitted by an eligible institution if the proposed activity will contribute, directly or indirectly, to the purpose and objectives of the program established under this section.

Section 1386(d) authorizes that, as provided in subsection (f), applications for financial assistance may include requests to fund program production or program delivery, or both.

Section 1386(e) provides that the Secretary, in considering applications for assistance under this program, shall establish procedures to ensure a broad dissemination of programming, giving a preference to applications that—

(1) are submitted by institutions affiliated with an established agricultural telecommunications network that distributes programs to a wide geographical area; or

(2) demonstrate the need for such assistance, taking into consideration the relative needs of all applicants and the financial ability of the applicants to otherwise secure or create the telecommunications system.

Section 1386(f) provides that the Secretary shall consider applications for financial assistance for the production and delivery of programs or cooperative extension, academic instruction in agriculture, agricultural research, and other topics consistent with the objectives described in subsection (b).

Section 1386(f) further provides that eligible institutions shall request assistance by submitting applications to the Assistant Secretary for Science and Education. Applications shall include—

(A) a detailed description of the telecommunications network and programming proposed to be produced and delivered, including to whom the programming will be distributed, how the programming will contribute to achieving the objectives described in subsection (b), and the total cost of producing and delivering such programming;

(B) the amount of assistance requested for the proposed program authorized under this section and other sources of funding that will be used for the proposed program; and

(C) an analysis of the costs and benefits of purchasing (or leasing) different types of facilities, equipment, components, hardware and software, or other items.

Section 1386(g) provides that the Secretary may provide funds totaling not more than 50 percent of the cost of a proposal for which an application is submitted under subsection (f). Notwithstanding the preceding sentence, the Secretary may provide funds totaling up to 100 percent of the cost of such a proposal if the Secretary determines that an eligible institution would otherwise be unable to carry out the proposal.

Section 1386(g) further provides that the Secretary may allocate not more than 10 percent of the funds appropriated under this section for the acquisition and installation of telecommunications transmission facilities.

Section 1386(h) authorizes,to be appropriated not more than $12,000,000 for each of the fiscal years 1991 through 1995.

Section 1387—Study of the transportation of fertilizer and agricultural chemicals to farmers

Section 1387(a) requires the Secretary of Agriculture, acting through the Office of Transportation of the Department of Agriculture, to conduct a study regarding the transportation of fertilizer, agricultural crop protection chemicals, and agricultural use hazardous materials such as fuel, to the farm. This study shall include a review and analysis of—

(1) the transportation of fertilizer, fuels (such as liquid propane gas, diesel, gasoline heating oil, methane and others), and agricultural crop protection chemicals to farms by farmers, hired farm labor, and agribusiness, including—

(A) safety practices used, the nature of the equipment used, roads traveled and employees engaged in such transportation; and

(B) any significant distinctions between transportation by retail dealers and transportation by farmers;

(2) Federal and State requirements imposed on the transportation of fertilizer, fuels, and agricultural crop protection chemicals by farmers, hired farm labor, and agribusiness retail dealers to farms (and exemptions, exclusions or waivers authorized under such requirements), including—

(A) commercial driver's license requirements;

(B) driver qualification requirements;

(C) alcohol and drug testing requirements; and

(D) worker safety requirements.

(3) the compliance by farmers and retail dealers and their employees with such Federal and State requirements and the costs associated with compliance;

(4) the safety history associated with the transport of fertilizers, fuel, and crop protection chemicals by farmers and retail dealers and their employees; and

(5) the impact on rural communities, employment, and the cost and availability of fertilizer, fuel, and agricultural crop protection chemicals associated with complying with such Federal and State requirements.

Section 1387(b) requires that, not later than 18 months after the date of the enactment of this Act, the Secretary shall publish a report of such study and analyses (including comments on the adequacy of existing Federal and State requirements or exemptions) and submit the report to Congress.

Section 1387(c) authorizes to be appropriated for the purpose of fulfilling the study, analyses, and reporting requirements of this section not more than $75,000.

Section 1388—Special grant to study constraints on agricultural trade

Section 1388(a) requires the Secretary of Agriculture to provide at least two special grants to land-grant colleges and universities to conduct a study that will evaluate the trade impacts of technical barriers, quality factors, and end-use characteristics in agricultural trade to determine whether such factors are consistent among commodities. Such study shall be conducted with the objective—

31-912 O - 90 - 24

(1) to identify and analyze constraints related to end-use characteristics in trade and competition;

(2) to design production and processing techniques to lessen their impacts; and

(3) to identify public policy alternatives, nationally and internationally, that may reduce the impacts of such trade restrictions.

Section 1388(b) requires the Secretary to ensure that the grants provided for in this section provide for the joint development of the methodology and techniques between the recipients of such grants to meet the objectives set forth in subsection (a).

Section 1388(c) requires that, not later than 18 months after the date of the enactment of this Act, the Secretary shall report the results of the study grants under subsection (a) to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate.

Section 1388(d) provides that for purposes of this section, the term "land-grant colleges and universities" has the meaning given to that term in section 1404(10) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3103(10)).

Section 1389—Special grants for mesquite and prickly pear research

Section 1389(a) authorizes the Secretary of Agriculture to conduct a research program for the purpose of developing enhanced production methods and commercial uses of mesquite.

Section 1389(a) further authorizes the Secretary to make competitive grants, for periods not to exceed 5 years, to a State agricultural experiment station, State land-grant college or university, or a consortium of such entities, for a research project in the research areas identified in paragraph (3).

Section 1389(a) further provides that a grant available under paragraph (2) shall be awarded to an applicant to conduct research in—

(A) the development of techniques to produce, from small-diameter, short-length, or otherwise irregular mesquite logs, solid-wood products useful as flooring, furniture parts, turning blanks, and such other uses as may have potential economic value;

(B) the development of management techniques designed to improve stands for quality lumber production from mesquite; and

(C) such other methods of production, harvesting, processing, and marketing that are designed to provide viable markets for mesquite and lead to the commercialization of mesquite as a cash crop.

Section 1389(a) further provides that there are authorized to be appropriated $100,000 for each of the fiscal years 1991 through 1995 to carry out this subsection.

Section 1389(b) provides that the Secretary shall conduct a research program for the purpose of investigating enhanced genetic selection and processing techniques of prickly pears.

Section 1389(b) further provides that the Secretary shall make competitive grants, for periods not to exceed 5 years, to a State ag-

ricultural experiment station, State land-grant college or university, or a consortium of such entities, for research projects in the research areas identified in paragraph (3).

Section 1389(b) further provides that a grant available under paragraph (2) shall be awarded to an applicant to conduct research—

(A) to investigate, through genetic selection, the development of varieties of prickly pear with improved growth, freeze tolerance, and harvest characteristics;

(B) to develop techniques to produce and process prickly pear as a food source; and

(C) to continue to investigate the nutritional value and health benefits of prickly pears.

Section 1389(b) further authorizes to be appropriated $100,000 for each of the fiscal years 1991 through 1995 to carry out this subsection.

Section 1389(c) provides that research funded under this section shall be subject to peer review at the end of the second and fourth year of such research, for the purpose of reviewing the progress and efficacy of the research and the justification and need for continued funding.

Section 1390—National centers for agricultural product quality research

Section 1390(a) provides that the Congress finds that:

(1) There is growing concern among consumers, both in the United States and in its trading partners, about the safety and wholesomeness of their food. This concern centers on health effects from chemical residues in food, microbial contamination, and normal constituents of food that compromise health. The sources of possible concern begin with production and include processing, transportation, storage, and marketing of food supplies.

(2) The Department of Agriculture is responsible for research and education that supports the development and use by the Department of new knowledge and technology aimed at reducing the real and perceived concerns about food safety by quantitatively evaluating risk, defining new methods for detection and prevention of factors that compromise agricultural product quality, assessing consumer attitudes and preferences, and assuring the timely transfer and adoption of new technology.

(3) Current research and extension programs of the Department have been enhanced to address these concerns, but there remains a need for an expanded effort that should be undertaken in the immediate future.

(4) In addition to existing funding mechanisms, which may be increased to address specific issues, there is need for regional centers for agricultural product quality research.

Section 1390(b) provides that the purposes of the national centers for agricultural product quality research shall be to—

(1) serve as regional or commodity specific agricultural product quality research and education focal points involving one or more university and Federal participants;

(2) take advantage of opportunities, and establish linkages between universities and other entities with expertise, in basic biology and engineering, the development of new technology, the application of technology to practice, and related quality assurance and regulatory activities;

(3) develop and enhance explicit relationships (including the possible sharing of the cost of center operations) between the research and development community, the Department, and other Federal agencies, and with all aspects of the involved industries;

(4) provide a mechanism for dealing with the safety and wholesomeness of new food products and processes that use biotechnology (including transgenic plants and animals);

(5) provide factual public information about agricultural product quality and wholesomeness on a continuing basis; and

(6) where appropriate, build on existing institutional strengths and commitments to address issues relating to agricultural product quality and wholesomeness and on demonstrated capability to effectively link with operational units of the Department, other Federal agencies, and private industry.

Section 1390(c) provides that the centers shall be regional based units that conduct a broad spectrum of research, development, and education programs to assure the safety and wholesomeness of food through the prevention, detection, and modification of processes and products involved in the food chain that potentially compromise agricultural product quality and wholesomeness.

Section 1390(c) further provides that the centers shall involve multidisciplinary and interdisciplinary approaches to the development of new knowledge and technology. The centers may include multi-institutional linkages between universities or related Federal laboratories.

Section 1390(c) further provides that the centers shall serve as a management focal point for grants that deal with agricultural product quality research, extension, and teaching, including the provision of mechanisms for sharing resources between cooperating institutions and laboratories.

Section 1390(c) further provides that appropriate linkages within the centers shall include related efforts in agriculture, medicine, veterinary medicine, public health, engineering and related life and physical sciences, and social sciences dealing with health related behavior.

Section 1390(c) further provides that each center shall conduct research and education on the full spectrum of production, processing, transportation, and marketing for commodity classes, such as animals (including animal products and animal feed), agronomic crops, and horticultural crops.

Section 1390(d) requires that the Secretary shall make grants to establish the centers. Such grants establishing centers shall be competitively awarded based on merit and relevance in reference to meeting the purposes specified in subsection (b).

Section 1390(d) further requires that grants may be awarded for periods of up to five years and may be renewed in competition with demonstration of adequate performance. The Secretary shall give preference to proposals that demonstrate linkages with action

agencies of the Department, with other related Federal research laboratories and agencies, and with private industry.

Section 1390(d) further requires that the primary institution involved in a center shall be a land-grant college with other cooperating or collaborating academic institutions, nonprofit research and development entities, and Federal laboratories. A center may involve institutions or laboratories in more than one State.

Section 1390(d) further requires that the non-Federal sponsors of a center shall contribute an amount of funds for operation of the center equal to not less than the amount awarded by the Federal Government.

Section 1390(e) requires that a program plan shall be developed by the Department after obtaining the advice of representative users of the centers, including both action agencies and appropriate representatives from various segments of the food industry. The plan shall be submitted to the Congress for review at intervals of not less than once every three years.

Section 1390(e) further requires that accomplishments and directions of the centers shall be reviewed by the Department on a periodic basis, but not less frequently than at the end of the second and fourth years after the date of the enactment of this Act. The persons conducting the review shall be appointed by, and report to, the Secretary.

Section 1390(f) authorizes to be appropriated such funds as may be necessary to carry out this section for each of the fiscal years 1991 through 1995.

Section 1390(f) further requires that the centers shall be funded through the Cooperative State Research Service in the Department.

Section 1390(g) provides that for the purposes of this section:

(1) The term "center" means a national center for agricultural product quality research established under this section.

(2) The term "Secretary" means the Secretary of Agriculture.

(3) The term "Department" means the Department of Agriculture.

Section 1391—Immunoassay Research Program

Section 1391(a) requires that the Secretary of Agriculture shall establish and carry out a program to make grants to land-grant colleges and universities for research relating to immunoassay used to—

(1) detect agricultural pesticide residues on agricultural commodities for human consumption; and

(2) diagnose animal and plant diseases.

Section 1391(b) requires that in making grants under subsection (a), the Secretary may give preference to those land-grant colleges and universities that, as of the date of the enactment of this Act, are conducting research described in that subsection.

Section 1391(c) provides for purposes of this section, the term "land-grant colleges and universities" has the meaning given to that term in section 1404(10) of the National Agricultural Research, Teaching, and Extension Policy Act of 1977 (7 U.S.C. 3103(10)).

Section 1392—Rural development research

Section 1392(a) requires that the Secretary of Agriculture shall establish a program of competitive grants, to be administered through the Cooperative State Research Service, for the purpose of encouraging research and analysis of the social, economic, and other factors influencing the economic vitality of rural areas.

Section 1392(a) further requires that priority in the award of grants under paragraph (1) shall be given to projects designed to research methods by which the social and economic vitality of rural areas can be enhanced.

Section 1392(b) requires that the Secretary of Agriculture shall establish a program of competitive grants to rural areas to serve as demonstration areas. In awarding such grants, the Secretary shall favorably consider an application from a rural area that the Secretary determines—

(1) demonstrates the ability of the rural area—

(A) to supplement the grant funds provided under this subsection with other funds from State, local, or private sources; and

(B) to use the grant funds to increase employment in the area; and

(2) can successfully serve as a demonstration area to share the results of the funded project to the benefit of other rural areas in the region in which the rural area receiving the grant is located.

Section 1392(c) authorizes to be appropriate such sums as may be necessary to carry out this section.

Section 1393—Outreach and assistance for socially disadvantaged farmers

Section 1393(a) requires that the Secretary of Agriculture shall provide outreach and technical assistance through the Office of Advocacy and Enterprise to encourage and assist socially disadvantaged farmers to participate in the programs established or authorized in this Act. This assistance should include information on application and bidding procedures and other essential information needed to participate in the program.

Section 1393(b) provides that the Secretary and the Director of the Office of Advocacy and Enterprise may make grants and enter into contracts and other agreements in the furtherance of this section subject to the following conditions:

(1) Of the amounts appropriated to carry out this section, 50 percent of such amounts shall be available only for grants and contracts to community based organizations with demonstrated experience and commitment in providing education, advocacy, or other services to minority farmers. Such community based organizations must provide documentary evidence of—

(A) their past experience and commitment of working with minority farmers during the two years preceding their application for assistance under this section; or

(B) their ability and commitment to establish an organization to provide such services.

(2) Of the amounts appropriated to carry out this section, 50 percent of such amounts shall be available only for grants and contracts to institutions of postsecondary education, with a priority given to—

(A) institutions eligible to receive 1890 Land-Grant Colleges including Tuskegee University;

(B) Indian Tribal Community Colleges and Alaska Native Cooperative Colleges;

(C) Hispanic Serving Institutions of Higher Education; and

(D) other educational institutions with demonstrated experience in providing education, advocacy or other services to minority family farmers in their region.

Section 1393(c) requires that the Director of the Office of Advocacy and Enterprise shall submit an annual report to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate detailing on a State by State and county by county basis the rate of minority participation for each program under this Act.

Section 1393(c) further requires that each report required by this subsection shall compare on a State by State and county by county basis the actual application rates, acceptance rates, and participation rates with the target participation rates established by the Secretary pursuant to section 355(a)(1) of the Consolidated Farm and Rural Development Act (7 U.S.C. 2003(a)(2)).

Section 1393(c) further requires that the first report required by this subsection shall be submitted not later than September 30, 1992.

Section 1393(d) provides that the term "socially disadvantaged farmers" means those farmers who have been subjected to racial or ethnic prejudice or cultural bias because of their identity as a member of a group without regard to their individual qualities.

Section 1393(e) authorizes to be appropriated $10,000,000 for each fiscal year to carry out this section.

Section 1394—Grants for niche market development

Section 1394(a) requires that the Secretary shall make research and extension grants available for the development of agricultural production and marketing systems that will service niche markets located in nearby metropolitan areas. In awarding such grants, the Secretary shall pay particular attention to areas—

(1) with a high concentration of small farm operations; and

(2) that experience difficulty in delivering products to market due to geographic isolation.

Section 1394(b) authorizes to be appropriated such sums as may be necessary to carry out this section.

Section 1395—Miscellaneous agricultural research centers

Section 1395(a) authorizes to be appropriated $500,000 for fiscal year 1992 to be used by the Agricultural Research Service for planning purposes in the establishment of a facility to be known as the Agricultural Turkey Research Center to be located in Pelican Rapids, Minnesota, and operated in cooperation with the North Dakota State University.

Section 1395(b) requires that the Secretary of Agriculture shall establish at the Forestry Sciences Laboratory of the United States Forest Service, in Lincoln, Nebraska, a Semiarid Agroforestry Research, Development, and Demonstration Center and appoint a Director to manage and coordinate the program established at the Center under paragraph (2).

Section 1395(b) further requires that the Secretary shall establish a program at the Center and seek the participation of Federal or State governmental entities, land-grant colleges or universities, State agricultural experiment stations, State and private foresters, National Arbor Day Foundation, and other nonprofit foundations in such program to conduct or assist research, investigations, studies, and surveys to—

(A) develop sustainable agroforestry systems on semiarid lands that minimize topsoil loss and water contamination, and stabilize or enhance crop productivity;

(B) adapt, demonstrate, document, and model the effectiveness of agroforestry systems under different farming systems and soil or climate conditions;

(C) develop dual use agroforestry systems compatible with subparagraphs (A) and (B) which would provide high-value forestry products for commercial sale from semiarid land;

(D) develop and improve the drought and pest resistance characteristics of trees for conservation forestry and agroforestry applications in semiarid regions, including the introduction and breeding of trees suited for the Great Plains region of the United States;

(E) develop technology transfer programs that increase farmer and public acceptance of sustainable agroforestry systems; and

(F) develop improved windbreak and shelterbelt technologies for drought preparedness, soil and water conservation, environmental quality, and biological diversity on semiarid lands.

Section 1395(b) further requires that the Secretary shall establish at the Center a program, to be known as the National Clearinghouse on Agroforestry Conservation and Promotion to—

(A) collect, analyze, and disseminate information on agroforestry conservation technologies and practices; and

(B) promote the use of such information by landowners and those organizations associated with forestry and tree promotions.

(4) There are authorized to be appropriated such sums as are necessary to carry out this subsection.

Section 1396—Agricultural assistance program for farmers with disabilities

Section 1396(a) authorizes the Secretary of Agriculture to make demonstration grants to support cooperative programs between State cooperative extension services and private nonprofit disability organizations to provide on-the-farm agricultural education and assistance directed at accommodating disability in farm operations for individuals with physical disabilities, and their families, who are engaged in farming or farm-related occupations.

Section 1396(a) also authorizes grants to be awarded directly to State extension service agencies to enable such agencies to enter into contracts, on a multiyear basis, with private nonprofit community-based direct service organizations to initiate, expand or sustain cooperative on-the-farm agricultural education and direct assistance to farmers with disabilities to utilize farm-oriented expertise to promote accommodation of their disabilities in performing farm operations.

Section 1396(a) further provides that no grant shall be awarded in an amount that is less than $150,000.

Section 1396(a) authorizes to be appropriated $3,000,000 for each of the fiscal years 1991 and 1992, and $5,000,000 for each of the fiscal years 1993 through 1996 to carry out this provision.

Section 1396(b) authorizes the Secretary of Agriculture to award grants to national private nonprofit disability organizations to enable such organizations to provide technical assistance, training, information dissemination and other activities to support services provided under subsection (a).

Section 1396(b) authorizes to be appropriated $1,000,000 for each of the fiscal years 1991 through 1996 to carry out this subsection.

TITLE XIV--FRUITS, VEGETABLES, AND MARKETING

SUBTITLE A—FRUITS AND VEGETABLES

Section 1401—Findings

Section 1401 sets forth Congressional findings regarding the nutritional benefits of fruits and vegetables.

Section 1402—Purposes

Section 1402 sets forth the purposes of subtitle A of title XIV of the bill.

Section 1403—Declaration

Section 1403 sets forth the Congressional declaration that the domestic production of fruits and vegetables is an integral part of United States farm policy.

Section 1404—Study of the fruit and vegetable industry

Section 1404(a)(1) requires the Secretary to conduct a study to determine the current state of the domestic fruit and vegetable industry, and, in conducting such study, to consult with such agencies or departments as determined necessary by the Secretary (including, but not limited to, the Environmental Protection Agency, the Department of Health and Human Services, the Department of Commerce, the Department of Labor, and the Department of Education).

Section 1404(a)(2) requires that the study required in section 1404(a) include—

(A) a review of the availability of an adequate labor supply for producing, maintaining, and harvesting fruits and vegetables;

(B) a review of the availability and adequacy of crop insurance or disaster assistance for fruit and vegetable producers;

(C) a review of scientific and technological advances in the areas of genetics, biotechnology, integrated pest management, post harvest protection, or other scientific developments applicable to the production and marketing of fruits and vegetables;

(D) an examination of the availability of safe and effective chemicals for use in the production of fruits and vegetables, with special emphasis on the value of national uniformity to both consumers and producers;

(E) a review of the requirements and costs of labeling of fruits and vegetables and of the benefits of labeling of these products; and

(F) a review of whether Federal educational programs provide adequate information regarding the importance of fruits and vegetables to a proper diet.

Section 1404(b) requires the Secretary to submit to the Congress the results of the study described in subsection (a) within 18 months from the date of the enactment of the bill.

Section 1404(c) defines the term "Secretary" to mean the Secretary of Agriculture, for purposes of section 1404.

SUBTITLE B—MARKETING

Section 1411—Amendment to the Perishable Agricultural Commodities Act

Section 1411 amends section 3(b) of the Perishable Agricultural Commodities Act to provide that any reserve funds in the Perishable Agricultural Commodities Act Fund may be invested by the Secretary of Agriculture in insured or fully-collateralized interest-bearing accounts or, at the discretion of the Secretary of Agriculture, by the Secretary of the Treasury in United States Government debt instruments. The amended section 3(b), as amended, will also require any interest earned on such reserve funds be credited to the Perishable Agricultural Commodities Act Fund and be available for the same purposes as the fees deposited in the fund under that Act.

Section 1412—Enforcement of handler assessments

Section 1412 amends section 8c(14) of the Agricultural Marketing Agreement Act of 1937 to extend the current authority of the Department of Agriculture and the Federal courts to assess civil fines and penalties against any handler subject to a Federal marketing order to include the non-payment of handler assessments under such an order. Current law provides for the assessment of such civil fines and penalties against handlers for the violation of any provision of such an order *except for* the non-payment of handler assessments.

Section 1413—Wine and winegrape industry study

Section 1413(a) requires the Secretary of Agriculture to conduct a study to determine how the Department of Agriculture might best work with and support the United States wine and winegrape industry. Such study will—

(1) be designed to determine whether existing Department of Agriculture programs could be improved to better assist and support the United States wine and winegrape industry;

(2) be designed to determine whether new methods or programs implemented by the Department of Agriculture could enhance wine and winegrape production and processing and expand markets for United States wine and winegrapes;

(3) be conducted in consultation with local, state, and national associations or organizations of wine and winegrape producers;

(4) give special emphasis to States or other geographic areas that have not traditionally had a wine and winegrape industry.

Section 1413(b) requires the Secretary of Agriculture to submit a report to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate, not later than December 31, 1991—

(1) detailing the determinations made in the study under section 1413(a); and

(2) including any recommendations to the Congress for legislation the Secretary determines may be necessary to implement the programs or methods specified under section 1413(a).

Section 1414—Producer research and promotion board accountability

Section 1414(a) sets forth congressional findings regarding the operation of federally-authorized agricultural promotion, research, and consumer information checkoff programs.

Section 1414(b) declares that it is the sense of Congress that—

(1) to ensure the continued success of the federally-authorized checkoff programs, boards or councils that participate in the administration of the checkoff programs should take care to faithfully and diligently perform the functions assigned to them under the authorizing legislation and otherwise meet their crucial program responsibilities; and

(2) each of these boards and councils, in carrying out the responsibilities assigned to it, is accountable to the Secretary of Agriculture, Congress, and the industry contributing funds for the checkoff program involved, and that each currently operational checkoff board or council should review its charter and activities to ensure that its responsibilities and duties have not been appropriately delegated or otherwise relinquished to another organization.

SUBTITLE C—COMMODITY PROMOTION

Part 1—Pecan Promotion

Section 1421—Short title

Section 1421 provides that this part may be cited as the "Pecan Promotion and Research Act of 1990".

Section 1422—Findings and declaration of policy

Section 1422(a) sets forth congressional findings that—

(1) pecans are a native American nut that are an important food and a valuable part of the human diet;

(2) the production of pecans plays a significant role in the economy of the United States;

(3) pecans must be high quality, readily available, handled properly, and marketed efficiently to ensure that consumers have an adequate supply of pecans;

(4) the development, maintenance, and expansion of markets for pecans are vital to the welfare of pecan industry participants and to the economy of the United States;

(5) there exists established State organizations conducting programs to promote the consumption of pecans;

(6) the cooperative development, financing, and implementation of a coordinated national program of pecan promotion, research, industry information, and consumer information are necessary to maintain and expand existing markets and develop new markets for pecans; and

(7) pecans move in interstate and foreign commerce, and pecans that do not move in such channels of commerce directly burden or affect interstate commerce in pecans.

Section 1422(b) will declare it to be the policy of Congress that it is in the public interest to authorize the establishment, through the exercise of the powers provided in this part, of an orderly procedure for developing, financing (through adequate assessments on pecans produced or imported into the United States), and carrying out an effective, continuous, coordinated program of promotion, research, industry information, and consumer information designed to—

(1) strengthen the pecan industry's position in the marketplace;

(2) maintain and expand existing domestic and foreign markets and uses for pecans; and

(3) develop new markets and uses for pecans.

Subsection (c) of section 1422 provides that nothing in this part may be construed to provide for the control of production or otherwise limit the right of any person to produce pecans.

Section 1423—Definitions

Section 1423 provides definitions for the following terms, as used in this part:

(1) Board.—The term "Board" means the Pecan Marketing Board established in section 1426(b).

(2) Commerce.—The term "commerce" means interstate, foreign, or intrastate commerce.

(3) Conflict of interest.—The term "conflict of interest" means a situation in which a member has a direct or indirect financial interest in a corporation, partnership, sole proprietorship, joint venture, or other business entity dealing directly or indirectly with the Board.

(4) Consumer Information.—The term "consumer information" means information and programs that will assist consumers and other persons in making evaluations and decisions regarding the purchase, preparation, and use of pecans.

(5) Department.—The term "Department" means the United States Department of Agriculture.

(6) District.—The term "district" means a geographical area of the United States, as determined by the Board and approved by the Secretary, in which there is produced approximately one-fourth of the volume of pecans produced in the United States.

(7) First handler.—The term "first handler" means the first person who buys or takes possession of pecans from a grower for marketing. If a grower markets pecans directly to consumers, such grower shall be considered the first handler with respect to pecans grown by such grower.

(8) Grower.—The term "grower" means any person engaged in the production and sale of pecans in the United States who owns, or who shares the ownership and risk of loss of, such pecans.

(9) Grower-sheller.—The term "grower-sheller" means a person who—

(A) shells pecans, or has pecans shelled for such person, in the United States; and

(B) during the immediately previous year, grew 50 percent or more of the pecans such person shelled or had shelled for such person.

(10) Handle.—The term "handle" means receipt of in-shell pecans by a sheller or first handler, including pecans produced by such sheller or first handler.

(11) Importer.—The term "importer" means any person who imports pecans from outside of the United States for sale in the United States.

(12) Industry Information.—The term "industry information" means information and programs that will lead to the development of new markets and marketing strategies, increased efficiency, and activities to enhance the image of the pecan industry.

(13) In-shell pecan.—The term "in-shell pecan" means a pecan that has a shell that has not been removed.

(14) To Market.—The term "to market" means to sell or offer to dispose of pecans in any channel of commerce.

(15) Member.—The term "member" means a member of the Board.

(16) Pecan.—The term "pecan" means the nut of the pecan tree carya illinoensis.

(17) Person.—The term "person" means any individual, group of individuals, partnership, corporation, association, cooperative, or any other entity.

(18) Plan.—The term "plan" means a plan issued under section 1424.

(19) Promotion.—The term "promotion" means any action, including paid advertising, taken by the Board pursuant to this part, to present a favorable image of pecans to the public with the express intent of improving the competitive position of pecans in the marketplace and stimulating sales of pecans.

(20) Research.—The term "research" means any type of test, study, or analysis designed to advance the image, desirability,

usage, marketability, production, product development, or quality of pecans.

(21) Secretary.—The term "Secretary" means the Secretary of Agriculture.

(22) Shell.—The term "shell" means to remove the shell from an in-shell pecan.

(23) Shelled pecan.—The term "shelled pecan" means a pecan kernel, or portion of a kernel, after the pecan shell has been removed.

(24) Sheller.—The term "sheller" means any person who—

(A) shells pecans or has pecans shelled for the account of such person; and

(B) during the immediately previous year, purchased more than 50 percent of the pecans such person shelled or had shelled for such account.

(25) State.—The term "State" means any of the several States, the District of Columbia and the Commonwealth of Puerto Rico.

(26) United States.—The term "United States" means collectively the several States, the District of Columbia, and the Commonwealth of Puerto Rico.

Section 1424—Issuance of plans

Section 1424(a) will provide that, in order to carry out the declared policy of section 1422(b), the Secretary must issue, and from time to time amend, plans applicable to growers, grower-shellers, shellers, first handlers, and importers of pecans. Any such plan must be national in scope, and not more than one plan may be in effect under part 1 at any one time.

Section 1424(b) will prescribe the procedures for the issuance of a plan, including that—

(1) the Secretary may propose the issuance of a plan under this part, or an association of pecan growers or grower-sheilers or any other person that will be affected by this part may request the issuance of, and submit a proposal for, such a plan;

(2) the Secretary shall—

(A) not later than 60 days after the receipt of a request and proposal by an interested person for a plan; or

(B) when the Secretary determines to propose a plan, publish a proposed plan and give due notice and opportunity for public comment on the proposed plan;

(3) after notice and opportunity for public comment are given, the Secretary must issue a plan, taking into consideration the comments received and including in the plan provisions necessary to ensure that the plan is in conformity with the requirements of this part; and

(4) the plan must be issued and become effective not later than 150 days following the publication of the proposed plan.

Section 1424(c) will authorize the Secretary, from time to time, to amend any plan issued under section 1424, consistent with the requirement of section 1434 of the bill.

Section 1425—Regulations

Section 1425 of the bill will provide that the Secretary may issue such regulations as are necessary to carry out this part.

Section 1426—Required terms in plans

Section 1426(a) will require that each plan issued under this part contain the terms and conditions prescribed in section 1426.

Section 1426(b) will provide for the establishment of the Pecan Marketing Board and for certain administrative provisions governing the operation of the Board.

Section 1426(b)(1) will require that the plan establish a Pecan Marketing Board to carry out the program referred to in section 1422(b) of the bill.

Section 1426(b)(2) will require that the Board carry out programs and projects that will provide maximum benefit to the pecan industry in all parts of the United States and that the Board only generically promote pecans, as opposed to engaging in the promotion of branded pecans or pecans marketed by any individual producer, company, or other entity.

Section 1426(b)(3) will require that the Board be made up of 15 members, including—

(A) eight members who are growers;

(B) four members who are shellers;

(C) one member who is a first handler and who derives over 50 percent of the member's gross income from buying and selling pecans;

(D) one member who is an importer of pecans into the United States, who is nominated by the Board;

(E) one member representing the general public, who is nominated by the Board; and

(F) at the option of the Board, a consultant or advisor representing the views of pecan producers in a country other than the United States who may be chosen by the Board to attend Board functions as a nonvoting member.

Section 1426(b)(4) will provide for the representation of members on the Board.

Section 1426(b)(4)(A) will require that of the eight grower members of the Board referred to in section 1426(b)(3)(A), two members shall be from each of the four districts established under section 1423(6).

Section 1426(b)(4)(B) will require that of the four sheller members of the Board referred to in paragraph (3)(B)—

(i) two members shall be selected from among shellers whose place of residence is east of the Mississippi River; and

(ii) two members shall be selected from among shellers whose place of residence is west of the Mississippi River.

Section 1426(b)(4)(C) will require the first handler member of the Board referred to in section 1426(b)(3)(C) to be selected from among first handlers whose place of residence is in one of the four districts established under section 1423(6).

Section 1426(b)(4)(D) will require the importer member of the Board referred to in section 1426(b)(3)(D) to be an individual who imports pecans into the United States.

Section 1426(b)(4)(E) will provide that the public member of the Board referred to in paragraph (3)(E) may not be a grower, grower-sheller, sheller, first handler, or importer.

Section 1426(b)(5) will require each member of the Board to have an alternate with the same qualifications as the member such alternate would replace.

Section 1426(b)(6) will require that not more than one member of the Board may be from each State in each district, except that the State of Georgia may have two growers from such State representing the district that includes the State of Georgia.

Section 1426(b)(7) will require that the Board, in accordance with regulations approved by the Secretary, at least once each 3 years and not more than once each 2 years—

(A) review the geographic distribution of pecan production throughout the United States; and

(B) if warranted, recommend to the Secretary that the Secretary reapportion a district in order to reflect the geographic distribution of pecan production.

Section 1426(b)(8) will provide for the selection process for members of the Board.

Section 1426(b)(8)(A) will require the Board to give reasonable publicity to the industry regarding the nomination of persons interested in being nominated for Board membership.

Section 1426(b)(8)(B) will require that each grower and sheller be eligible to vote for the nomination of members who represent their respective class of members on the Board, and that growers be eligible to vote for the nomination of the first handler members of the Board.

Section 1426(b)(8)(C) will provide that each person (each grower and sheller) referred to in section 1426(b)(8)(B) shall have one vote in voting for nominees to the Board. The two eligible candidates receiving the largest number of votes cast for each Board position for each class of members shall be the nominees for such position.

Section 1426(b)(8)(D) will provide that, except for the establishment of the initial Board as provided under section 1426(b)(8)(G), the nominations for members for each Board position made under section 1426(b)(8)(C) and sections 1426(b)(3)(D) and 1426(b)(3)(E) must be certified by the Board and submitted to the Secretary no later than May 1, or such other date that may be recommended by the Board and approved by the Secretary, preceding the commencement of the term of office for Board membership, as such terms of office are established in section 1426(b)(9).

Section 1426(b)(8)(E) will require the Secretary to appoint, to each vacant Board position, one individual from among the nominees certified by the Board and submitted to the Secretary under section 1426(b)(8)(D).

Section 1426(b)(8)(F) will authorize the Secretary to reject any nominee to the Board submitted under section 1426(b)(8)(D). If there are insufficient nominees from which to appoint members to the Board as a result of the Secretary's rejecting such nominees, the Secretary is expected to solicit additional nominees and such additional nominees must be submitted to the Secretary in the manner prescribed under section 1426(b)(8)(D).

Section 1426(b)(8)(G) will require the Secretary to establish an initial Board from among the nominations solicited by the Secretary. For the purpose of obtaining nominations for the grower, sheller, and first handler members of the initial Board as described in section 1426(b)(3)(A), (B), and (C), respectively, the Secretary will be required to perform the functions of the Board under this subsection as the Secretary determines necessary and appropriate. Nominations for the members of the initial Board representing pecan importers and the general public, as described in section 1426(b)(3)(D) and (E), respectively, must be made in accordance with section 1426(b)(3).

Section 1426(b)(8)(H) will provide that if growers and shellers fail to nominate individuals for appointment to the Board, the Secretary may appoint members on a basis provided for in the plan. If the Board fails to nominate an importer or a public representative, such member may be appointed by the Secretary without a nomination.

Section 1426(b)(9) will prescribe the terms of office for members of the Board.

Section 1426(b)(9)(A) will provide that the term of office of members of the Board will be 3 years, except that the members appointed to the initial Board established under section 1426(b)(8)(G) will serve, proportionately, for terms of 1, 2, and 3 years, as determined by the Secretary.

Section 1426(b)(9)(B) will provide that each member of the Board will continue to serve until a successor is appointed by the Secretary, notwithstanding the limitation on service on the Board prescribed under section 1426(b)(9)(C).

Section 1426(b)(9)(C) will prohibit service by any individual as a member of the Board for more than 2 consecutive 3-year terms.

Section 1426(b)(9)(D) will require the Secretary to fill any vacancy on the Board created by the death, removal, resignation, or disqualification of any member of the Board, by requesting that at least 2 eligible nominations for a successor for each such vacancy be submitted by the Board in the manner provided in section 1426(b)(8). If at least 2 eligible nominations are not submitted to the Secretary by the Board, the Secretary shall determine the manner of submission of nominations for the vacancy.

Section 1426(c)(10) will provide that each member of the Board will serve without compensation, but will require that such members be reimbursed for necessary and reasonable expenses incurred in the performance of duties for and approved by the Board.

Section 1426(c) will prescribe the powers and duties of the Board that must be defined by the plan, including the power and duty—

(1) to administer the plan in accordance with its terms and conditions;

(2) to make regulations [1] to effectuate the terms and conditions of the plan;

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[1] The term "regulations" used in this sense is not intended to mean a "rule" or "regulation" in the sense of a federal agency "rule" or "regulation". The Board's regulations would not have the force and effect of law.

(3) to meet, organize, and select from among members of the Board a chairperson, other officers, and committees and subcommittees, as the Board determines appropriate;

(4) to establish working committees of persons other than Board members;

(5) to employ such persons, other than Board members, as the Board considers necessary, and to determine the compensation and define the duties of such persons;

(6) to prepare and submit for the approval of the Secretary, prior to the beginning of each fiscal period, a recommended rate of assessment under section 1428 of the bill, and a fiscal period budget of the anticipated expenses in the administration of the plan, including the probable costs of all programs and projects;

(7) to develop programs and projects, subject to section 1426(d);

(8) to enter into contracts or agreements, subject to section 1426(e), to develop and carry out programs or projects of promotion, research, industry information and consumer information;

(9) to carry out programs or projects of research, promotion, industry information, and consumer information, and to pay the costs of such projects with assessments collected pursuant to section 1428;

(10) to keep minutes, books, and records that reflect the actions and transactions of the Board, and to promptly report the minutes of each Board meeting to the Secretary;

(11) to appoint and convene, from time to time, working committees comprised of growers, grower-shellers, first handlers, shellers, importers, and the public to assist in the development of promotion, research, industry information, and consumer information programs for pecans;

(12) to invest, pending disbursement under a program or project, funds collected through assessments authorized under this part, only in—

(A) obligations of the United States or any agency thereof;

(B) general obligations of any State or any political subdivision thereof;

(C) any interest-bearing account or certificate of deposit of a bank that is a member of the Federal Reserve System; or

(D) obligations fully guaranteed as to principal and interest by the United States,

except that income from any such invested funds may be used for any purpose for which the invested funds themselves may be used under this part;

(13) to receive, investigate, and report to the Secretary complaints of violations of the plan;

(14) to furnish the Secretary with such information as the Secretary may request;

(15) to recommend to the Secretary amendments to the plan; and

(16) to develop and recommend to the Secretary for approval such rules and regulations as may be necessary for the development and execution of programs or projects, or as may otherwise be necessary, to carry out the plan.

The Committee intends that, in the issuance and oversight of the order authorized under this part, the Secretary will provide appropriate safeguards to ensure that the funds invested by the Board as authorized under section 1426(c)(12) will be invested only in safe and sound investment accounts, certificates, obligations, or other instruments, as determined appropriate by the Secretary. In order to ensure the safe and sound investment of such funds, the Secretary may require that such investments be fully insured or guaranteed as to principle or interest by the appropriate local, state, or Federal agency, or such other entity as the Secretary determines appropriate, consistent with section 1426(c)(12).

Section 1426(d) will prescribe the provisions that must be included in the plan regarding the programs and budgets of the Board.

Section 1426(d)(1) will require the plan to provide that the Board submit to the Secretary for approval any program or project of research, promotion, consumer information, or industry information, and that the Board may not implement any program or project prior to the approval of such program or project by the Secretary.

Section 1426(d)(2) will require the plan to provide that the Board, prior to the beginning of each fiscal year, or as may be necessary after the beginning of such fiscal year, submit to the Secretary, for the approval of the Secretary, budgets of the Board's anticipated expenses (including the reimbursement of expenses of members of the Board authorized under section 1426(b)(10)) and disbursements in the implementation of the plan, including the projected costs of research, promotion, consumer information, and industry information programs and projects.

Section 1426(d)(3) will require the plan to authorize the Board to incur such expenses for programs or projects of research, promotion, consumer information, or industry information, and other expenses for the administration, maintenance, and functioning of the Board as may be authorized by the Secretary, including any implementation, administrative, and referendum costs incurred by the Department of Agriculture pursuant to this part.

Section 1426(d)(4) will require the Board to pay the expenses of the Board referred to in section 1426(d)(3) from assessments collected under section 1428 of the bill or from funds borrowed by the Board pursuant to section 1426(d)(5).

Section 1426(d)(5) will authorize the Board to borrow funds, as approved by the Secretary, for capital outlays and startup costs.

Section 1426(d)(6) will prohibit the Board from spending more than 20 percent of the assessments collected under section 1428 of the bill for administration of the Board. This prohibition will not take effect until the date that is 3 years after the date of the establishment of the Board.

Section 1426(e)(1) will require the plan, in order to ensure the efficient use of funds, to authorize the Board to enter into contracts or agreements for the implementation and carrying out of programs or projects of pecan research, promotion, consumer information, or industry information, including contracts with grower and

grower-sheller organizations, and for the payment of the cost thereof with funds received by the Board under the plan.

Section 1426(e)(2) will require any such contract or agreement to provide that—

(A) the contracting party must develop and submit to the Board a program or project together with a budget or budgets that show estimated costs to be incurred for such program or project;

(B) the program or project will become effective on the approval of the Secretary; and

(C) the contracting party keep accurate records of all of its transactions, account for funds received and expended, make periodic reports to the Board of activities conducted, and make such other reports as the Board or the Secretary may require.

Section 1426(e)(3) will require the plan to authorize the Board to contract with grower and grower-sheller organizations for any services in addition to those authorized under section 1426(e)(1), and require any such contract to include provisions comparable to those required under section 1426(e)(2).

Section 1426(f)(1) will provide that the plan require the Board to—

(A) maintain such books and records as the Secretary may prescribe, and that such books and records be available to the Secretary for inspection and audit;

(B) prepare and submit to the Secretary, from time to time, such reports as the Secretary may prescribe; and

(C) account for the receipt and disbursement of all funds entrusted to the Board.

Section 1426(f)(2) will require the Board to cause its books and records to be audited by an independent auditor at the end of each fiscal year, and to submit to the Secretary a report of such audit.

Section 1426(g) will prohibit the Board from engaging in any action, or using any funds received by the Board under this part, to—

(1) influence legislation or governmental action, other than recommending to the Secretary amendments to the plan;

(2) engage in any action that would be a conflict of interest; or

(3) engage in any advertising that may be false or misleading.

Section 1426(h)(1) will provide that the plan must require each first handler, grower-sheller, or importer to—

(A) maintain and submit to the Board any reports considered necessary by the Secretary to ensure compliance with this part; and

(B) make available during normal business hours, for inspection by employees of the Board or the Secretary, such books and records as are necessary to carry out this part, including such records as are necessary to verify any required reports.

Section 1426(h)(2) will require that the records required under section 1426(h)(1) be maintained for 2 years beyond the fiscal period of the applicability of such records.

Section 1426(h)(3)(A) will require that, except as provided in section 1426(b)(3)(B) and (D), all information obtained from books,

records, or reports required to be maintained under section 1426(b)(1) be kept confidential, and not be disclosed to the public by any person.

Section 1426(h)(3)(B) will provide that the information referred to in section 1426(h)(3)(A) may be disclosed to the public only if—

(i) the Secretary considers the information relevant;

(ii) the information is revealed in a suit or administrative hearing brought at the direction or on the request of the Secretary or to which the Secretary or any officer of the Department is a party; and

(iii) the information relates to this part.

Section 1426(h)(3)(C) will require that any disclosure of confidential information in violation of section 1426(h)(3)(A) by any Board member or employee of the Board, except as required by other law or allowed under section 1426(h)(3)(B) or (D), must be considered a violation of this part.

Section 1426(h)(3)(D) will provide that nothing in section 1426(h)(3) may be construed to prohibit—

(i) the issuance of general statements, based on reports submitted under section 1426(f)(1), of the number of persons subject to the plan or statistical data collected therefrom, which statements do not identify the information furnished by any person; or

(ii) the publication, by direction of the Secretary, of the name of any person violating the plan, together with a statement of the particular provisions of the plan violated by such person.

Section 1426(h)(4)(A) will provide that, except as provided in section 1432, information obtained under this part may be made available to another agency of the Federal Government for a civil or criminal law enforcement activity if the activity is authorized by law and if the head of the agency has made a written request to the Secretary specifying the particular information desired and the law enforcement activity for which the information is sought.

Section 1426(h)(4)(B) will provide that any person violating section 1426(h), on conviction, will be subject to a fine of not more than $1,000 or to imprisonment for not more than 1 year, or both, and that if such person is an officer or employee of the Board or the Department, such person must also be removed from office.

Section 1426(h)(5) will provide that nothing in this part may be construed to authorize the withholding of information from Congress.

Section 1426(i) will require the plan to provide that the assessments collected under section 1428 must be used for payment of the expenses in implementing and administering this part, with provision for a reasonable reserve, and to cover those administrative costs incurred by the Secretary in implementing and administering this part, except for the salaries of Government employees incurred in conducting referenda.

Section 1426(j) will require that the plan also contain such terms and conditions, not inconsistent with this part, as determined necessary by the Secretary to effectuate the provisions of this part.

Section 1427—Permissive terms in plan

Section 1427(a) will provide that a plan issued pursuant to part 1 may contain one or more of the terms and conditions listed in section 1427.

Section 1427(b) will provide that the plan may authorize (1) an exemption from the plan for pecans used for nonfood uses and (2) the Board to require satisfactory safeguards against the improper uses of such exemptions.

Section 1427(c) will provide that, in order to recognize differences in marketing practices and procedures utilized in different pecan production areas, the plan may authorize the designation of different payment and reporting schedules for growers, grower-shellers, first handlers and importers.

Section 1427(d) will provide that the plan may authorize the establishment, issuance, effectuation, and administration of appropriate programs or projects for the promotion of pecans and for the disbursement of necessary funds for such purposes, except that—

(1) any such program or project must be directed toward increasing the general demand for pecans; and

(2) such promotional activities must comply with other restrictions on the use of funds that are established under part 1.

Section 1427(e) will provide that the plan may provide for (1) establishing and carrying on research, consumer information, and industry information projects and studies to the end that the marketing and utilization of pecans may be encouraged, expanded, improved, or made more efficient, and (2) for the disbursement of necessary funds for such purposes.

Section 1427(f) will provide that the plan may authorize the accumulation, from assessments collected pursuant to part 1, of reserve funds to permit an effective and continuous coordinated program of research, consumer information, industry information and promotion in years when the production of pecans and the resulting assessment income may be reduced. The total reserve fund that may be accumulated under section 1427(f) is prohibited from exceeding the amount budgeted for the operation of the plan for 2 years.

Section 1427(g) will provide that the plan may authorize the use of funds collected under part 1, with the approval of the Secretary, for the development and expansion of pecan sales in foreign markets.

Section 1428—Assessments

Section 1428(a) will provide that, during the effective period of a plan issued pursuant to part 1, assessments will be—

(1) levied on all pecans produced in, and all pecans imported into, the United States and marketed; and

(2) deducted from the payment made to a grower for all pecans sold to a first handler.

Section 1428(b) will provide for a limitation on the assessments made under section 1428(a) such that not more than one assessment may be assessed under subsection (a) on a grower (as remitted by a first handler) or importer, for any lot of pecans handled or imported.

Section 1428(c)(1) will provide that the assessments required under section 1428(a) must be remitted to the Board by—

(A) first handlers; and

(B) importers.

Section 1428(c)(2) will provide for the timing of the remittance of assessments to the Board by first handlers, grower-shellers, and importers.

Section 1428(c)(2)(A) will require each first handler who is not a grower-sheller and who is required to remit an assessment under section 1428(c)(1) to remit such assessment to the Board no later than the last day of the month following the month that the pecans being assessed were purchased or marketed by the first handler.

Section 1428(c)(2)(B) will require each first handler who is a grower-sheller and who is required to remit an assessment under section 1428(c)(1) to remit such assessment to the Board, to the extent practicable, in payments of one-third of the total annual amount of such assessment due to the Board on January 31, March 31, and May 10, or such dates as may be recommended by the Board and approved by the Secretary, during the fiscal year in which the pecans being assessed were harvested.

Section 1428(c)(2)(C) will require importers of pecans into the United States to pay the assessment at the time the pecans enter the United States and to remit such assessment to the Board.

Section 1428(d)(1) will provide that, except as provided in section 1428(d)(2), assessment rates will be recommended by the Board and approved by the Secretary, except that the maximum assessment may not exceed—

(A) during the period commencing on the effective date of the issuance of the plan and ending on the date the referendum is conducted under section 1432(a), one-half cent per pound for in-shell pecans, as determined by the Board and approved by the Secretary; and

(B) after the date the referendum is conducted under section 1432(a), 2 cents per pound for in-shell pecans.

Section 1428(d)(2) will require that the rate of assessment of shelled pecans must be twice the rate established for in-shell pecans pursuant to paragraph (1).

Section 1428(d)(3) will require that, notwithstanding any other provision of part 1, with the approval of the Secretary and if authorized by State law and requested by such State, a special assessment of one-quarter cent per pound for in-shell pecans, and an appropriate per-pound assessment for shelled pecans as adjusted under section 1428(d)(2), must be remitted to the Board for the purpose of utilizing such funds by a State pecan marketing board for research projects to promote pecans pursuant to State law. The Board will be required to collect such assessments and, upon receipt, to remit such assessments to the State, within a time period mutually agreed upon between the State and the Board, and approved by the Secretary. In the collection of such State assessments, neither the Board nor the Secretary may in any manner enforce the collection or remittance of any such payment by producers of such State assessments or investigate the nonpayment of such State assessments, except to provide to a State the names of

growers from whom such assessments were collected and the respective amounts of assessments collected. The Secretary will be authorized to make such regulations as may be necessary to carry out the provisions of section 1428.

Section 1428(e)(1) will require that a late-payment charge be imposed on any person who fails to remit to the Board, on or before the due date established by the Board under section 1428(c)(2), the total amount for which such person is liable.

Section 1428(e)(2) will require that the amount of the late-payment charge imposed under section 1428(e)(1) be prescribed by the Board with the approval of the Secretary.

Section 1428(f) will provide for the establishment of an escrow account to provide for assessment refunds and establish the procedure for the refund of such assessments.

Section 1428(f)(1) will require the Board, during the period beginning on the effective date of a plan first issued under section 1424 (after enactment of part 1) and ending on the date the initial referendum is conducted under section 1432(a) of the bill, to—

(A) establish an escrow account to be used for assessment refunds; and

(B) place funds in such account in accordance with section 1428(f)(2).

Section 1428(f)(2) will require the Board to place in the escrow account, from assessments collected during the period referred to in section 1428(f)(1), an amount equal to 10 percent of the assessments collected during such period.

Section 1428(f)(3) will provide any grower, grower-sheller, or importer the right to demand and receive from the Board a one-time refund of assessments paid by or on behalf of such grower, grower-sheller, or importer during the period referred to in section 1428(f)(1) (subject to the provisions of sections 1428(f)(4), (5), and (6)) if—

(A) such grower, grower-sheller, or importer is required to pay such assessments;

(B) such grower, grower-sheller, or importer does not support the program established under this part;

(C) such grower, grower-sheller, or importer demands such refund prior to the conduct of the referendum under section 1432(a); and

(D) the plan is not approved pursuant to the referendum conducted under section 1432(a).

Section 1428(f)(4) will require that the demand for a refund of assessments must be made by a grower, grower-sheller, or importer in accordance with regulations, on a form, and within a time period prescribed by the Board.

Section 1428(f)(5) will require that refunds under section 1428 must be made on submission of proof satisfactory to the Board that such grower, grower-sheller, or importer paid the assessment for which refund is demanded.

Section 1428(f)(6) will require the Board to prorate the amount of refunds made under section 1428 among all eligible growers, grower-shellers, and importers who demand such refunds if—

(A) the amount in the escrow account established under section 1428(f)(1) is not sufficient to refund the total amount of as-

sessments demanded by eligible growers, grower-shellers, or importers; and

(B) the plan is not approved pursuant to the referendum conducted under section 1432(a).

Section 1428(f)(7) will require that, if the plan is approved pursuant to the referendum conducted under section 1432(a), then all funds in the escrow account shall be returned to the Board for use by the Board in accordance with part 1.

Section 1429—Petition and review

Section 1429(a)(1) will provide that a person subject to a plan issued under part 1 may file with the Secretary a petition—

(A) stating that the plan, any provision of the plan, or any obligation imposed in connection with the plan is not in accordance with law; and

(B) requesting a modification of the plan or an exemption from the plan.

Section 1429(a)(2) will require that a petitioner under section 1429(a)(1) be given the opportunity for a hearing on the petition, on the record and in accordance with regulations issued by the Secretary.

Section 1429(a)(3) will require the Secretary, after the hearing provided under section 1429(a)(2), to make a ruling on the petition. Section 1429(a)(3) will also provide that the Secretary's ruling will be final if in accordance with law.

Section 1429(b)(1) will vest the district courts of the United States in any district in which a person who is a petitioner under section 1429(a) resides or carries on business with jurisdiction to review the ruling on such person's petition, if a complaint for that purpose is filed within 20 days after the date of the entry of a ruling by the Secretary under section 1429(a).

Section 1429(b)(2) will require service of process in proceedings under section 1429(b) to be conducted in accordance with the Federal Rules of Civil Procedure.

Section 1429(b)(3) will require the court, if it determines that the ruling of the Secretary under section 1429(a)(3) is not in accordance with law, to remand the matter to the Secretary with directions either—

(A) to make such ruling as the court determines to be in accordance with law; or

(B) to take such further proceedings as, in the opinion of the court, the law requires.

Section 1429(b)(4) will prohibit the pendency of proceedings instituted under section 1429(a) from impeding, hindering, or delaying the Attorney General or the Secretary from taking any enforcement action authorized under section 1430 of the bill.

Section 1430—Enforcement

Section 1430(a) will vest the district courts of the United States with jurisdiction specifically to enforce, and to prevent and restrain a person from violating, part 1 or any plan, order, rule, or regulation issued under part 1.

Section 1430(b) will require that a civil action to be brought under section 1430 (other than as provided under subsection (f))

must be referred to the Attorney General for appropriate action, except that the Secretary will not be required to refer to the Attorney General a violation of part 1 or any plan, order, rule, or regulation issued under part 1 if the Secretary believes that the administration and enforcement of part 1 would be adequately served by administrative action authorized under section 1430(c) or by providing a suitable written notice or warning to any person committing the violation.

Section 1430(c)(1)(A) will authorize the Secretary to assess, for each violation, a civil penalty of not less than $1,000 nor more than $10,000 against a person who willfully violates any provision of part 1 or any plan, order, rule, or regulation issued under part 1, including the failure to pay, collect, or remit any assessment or late-payment charge required of the person under part 1 or any plan, order, rule, or regulation issued under part 1.

Section 1430(c)(1)(B) will provide that each violation is considered a separate offense.

Section 1430(c)(2) will authorize the Secretary, in addition to or in lieu of the civil penalty authorized under section 1430(c)(1), to issue an order requiring such person to cease and desist from continuing such violation.

Section 1430(c)(3) will prohibit any penalty from being assessed or any cease and desist order from being issued by the Secretary under section 1430(c) unless the Secretary gives the person against whom the order is issued notice and opportunity for a hearing on the record with respect to such violation.

Section 1430(c)(4) will require that the order of the Secretary assessing a penalty or imposing a cease and desist order will be final and conclusive unless the person against whom the order is issued files an appeal from the Secretary's order in the manner prescribed under section 1430(d).

Section 1430(d)(1) will provide that a person against whom a civil penalty is assessed or a cease and desist order is issued under section 1430(c) may obtain judicial review of such penalty or order in the district court of the United States for the district in which such person resides or does business, or in the United States District court for the District of Columbia, if such person--

(A) files, within the 30-day period beginning on the date such penalty is assessed or order issued, a notice of appeal in such court; and

(B) simultaneously sends a copy of the notice by certified mail to the Secretary.

Section 1430(d)(2) will require the Secretary to promptly file in such court a certified copy of the record on which the Secretary found that the person had committed a violation.

Section 1430(d)(3) will provide that a finding of the Secretary under section 1430 may be set aside only if the finding is found to be unsupported by substantial evidence.

Section 1430(e) will provide that any person who fails to obey a cease and desist order after the order has become final and unappealable, or after the appropriate district court has entered a final judgment in favor of the Secretary, will be subject to a civil penalty assessed by the Secretary, after opportunity for a hearing on the record and for judicial review under the procedures specified in sec-

tions 1430(c) and (d), of not more than $1,000 for each offense. Each day during which the failure to obey the cease and desist order continues must be considered a separate violation of such order.

Section 1430(f) will provide that if a person fails to pay a civil penalty after it has become a final and unappealable order issued by the Secretary, or after the appropriate district court has entered a final judgment in favor of the Secretary, the Secretary will be required to refer the matter to the Attorney General for recovery of the amount assessed in the district court of the United States in any district in which the person resides or conducts business. In such action, the validity and appropriateness of such order imposing such civil penalty will not be subject to review.

Section 1431—Investigations and power to subpoena

Section 1431(a) will authorize the Secretary to make such investigations as the Secretary deems necessary—

(1) for the effective administration of part 1; or

(2) to determine whether a person has engaged or is engaging in any act or practice that constitutes a violation of any provision of part 1, or of any plan, rule, or regulation issued under part 1.

Section 1431(b)(1) will authorize the Secretary, for the purpose of an investigation made under section 1431(a), to administer oaths and affirmations and issue a subpoena to require the production of any records that are relevant to the inquiry. The production of any such records may be required from any place in the United States.

Section 1431(b)(2) will authorize the presiding officer of an administrative hearing held under section 1429 or section 1430 of the bill to administer oaths and affirmations, subpoena witnesses, compel the attendance of witnesses, take evidence, and require the production of any records that are relevant to the inquiry. The attendance of witnesses and the production of any such records may be required from any place in the United States.

Section 1431(c) will authorize the Secretary, in case of contumacy by, or refusal to obey a subpoena issued to, any person, to invoke the aid of any court of the United States within the jurisdiction of which such investigation or proceeding is carried on, or where such person resides or carries on business, in order to enforce a subpoena issued by the Secretary under subsection (b). Section 1431(c) will also authorize the court to issue an order requiring such person to comply with such a subpoena.

Section 1431(d) will permit a court issuing an order under section 1431(c) to punish any failure to obey such order of the court as a contempt thereof.

Section 1431(e) will provide that the service of process in any case under section 1431 may be served in the judicial district in which such person resides or conducts business or wherever such person may be found.

Section 1431(f) will require any hearings under section 1431 to be held within the judicial district where such person resides or has a principal place of business.

Section 1432—Requirement of referendum

Section 1432(a) will require the Secretary, not later than 24 months after the effective date of the plan first issued under section 1424 of the bill, to conduct an initial referendum among growers, grower-shellers, and importers, who during a representative period determined by the Secretary have been engaged in the production or importation of pecans, for the purpose of ascertaining whether growers, grower-shellers, and importers favor continuation, termination, or suspension of the plan.

Section 1432(b)(1) will require the Secretary, after the initial referendum required under section 1432(a), to hold a subsequent referendum on the request of the Board or 10 percent or more of the total number of growers, grower-shellers, and importers, to determine if growers, grower-shellers, and importers favor the termination or suspension of the plan.

Section 1432(b)(2) will require the Secretary to terminate or suspend such plan, in accordance with section 1433(b), whenever the Secretary determines that such suspension or termination is favored by a majority of those voting in a referendum.

Section 1432(c) will require the Board to reimburse the Secretary, from assessments collected by the Board, for any expenses incurred by the Department (with the exception of the salaries of Government employees) in connection with the conduct of any referendum under part 1.

Section 1432(d)(1) will require that referenda conducted pursuant to part 1 be conducted in such a manner as is determined by the Secretary.

Section 1432(d)(2) will require a grower, grower-sheller, or importer who chooses to vote in any referendum conducted under part 1 to register in person prior to the voting period at the appropriate local office of the Agricultural Stabilization and Conservation Service, as determined by the Secretary, after receiving the notice described in section 1432(d)(4).

Section 1432(d)(3) will require a grower, grower-sheller, or importer who votes in any referendum conducted under part 1 to vote in person at the appropriate local office of the Agricultural Stabilization and Conservation Service, as determined by the Secretary.

Section 1432(d)(4) will require each Agricultural Stabilization and Conservation Service office to notify all growers, grower-shellers, and importers in the area of such office, as determined by the Secretary. at least 30 days prior to a referendum conducted under this part. Such notice shall explain the registration and voting procedures for the referendum as established under section 1432(d) of the bill.

Section 1433—Suspension or termination of plan

Section 1433(a) will require the Secretary to terminate or suspend the operation of the plan or any provision of the plan whenever the Secretary finds that the plan or any provision of the plan obstructs or does not tend to effectuate the declared policy of part 1.

Section 1433(b) will require the Secretary, if, as a result of any referendum conducted under part 1, the Secretary determines that

suspension or termination of a plan is favored by a majority of the growers, grower-shellers, and importers voting in the referendum, to suspend or terminate, as the case may be—

(1) the collection of assessments under the plan within 6 months after making such determination; and

(2) activities under the plan in an orderly manner as soon as practicable.

Section 1433(c) will provide that the termination or suspension of any plan, or any provision thereof, shall not be considered a plan within the meaning of part 1.

Section 1434—Authorization of appropriations

Section 1434(a) will authorize to be appropriated for each fiscal year such sums as are necessary to carry out the provisions of part 1.

Section 1434(b) will prohibit the use of funds appropriated to carry out part 1 for the payment of the expenses or expenditures of the Board in administering any provision of any plan.

Part 2—Mushrooms

Section 1441—Short title

Section 1441 will provide that part 2 of title XIV of the bill may be cited as the "Mushroom Promotion, Research, and Consumer Information Act of 1990".

Section 1442—Findings and declaration of policy

Section 1442(a) will set forth congressional findings that—

(1) mushrooms are an important food that is a valuable part of the human diet;

(2) the production of mushrooms plays a significant role in the Nation's economy in that mushrooms are produced by hundreds of mushroom producers, distributed through thousands of wholesale and retail outlets, and consumed by millions of people throughout the United States and foreign countries;

(3) mushroom production benefits the environment by efficiently using agricultural byproducts;

(4) mushrooms must be high quality, readily available, handled properly, and marketed efficiently to ensure that the benefits of this important product are available to the people of the United States;

(5) the maintenance and expansion of existing markets and uses, and the development of new markets and uses, for mushrooms are vital to the welfare of producers and those concerned with marketing and using mushrooms, as well as to the agricultural economy of the Nation;

(6) the cooperative development, financing, and implementation of a coordinated program of mushroom promotion, research, and consumer information are necessary to maintain and expand existing markets for mushrooms; and

(7) mushrooms move in interstate and foreign commerce, and mushrooms that do not move in such channels of commerce directly burden or affect interstate commerce in mushrooms.

Section 1442(b) will declare it to be the policy of Congress that it is in the public interest to authorize the establishment, through the exercise of the powers provided in part 2, of an orderly procedure for developing, financing through adequate assessments on mushrooms produced domestically or imported into the United States, and carrying out, an effective, continuous, and coordinated program of mushroom promotion, research, and consumer and industry information designed to—

(1) strengthen the mushroom industry's position in the marketplace;

(2) maintain and expand existing markets and uses for mushrooms; and

(3) develop new markets and uses for mushrooms.

Section 1442(c) will prohibit construing anything in part 2 as providing for the control of production or otherwise limiting the right of individual producers to produce mushrooms.

Section 1443—Definitions

Section 1443 will provide definitions for the following terms, as used in part 2 of title XIV of the bill—

(1) Commerce.—The term "commerce" means interstate, foreign, or intrastate commerce.

(2) Consumer information.—The term "consumer information" means information and programs that will assist consumers and other persons in making evaluations and decisions regarding the purchase, preparation, and use of mushrooms.

(3) Council.—The term "Council" means the Mushroom Council established under section 1445(b) of the bill.

(4) Department.—The term "Department" means the Department of Agriculture.

(5) First handler.—The term "first handler" means any person, as described in an order issued under part 2, who receives or otherwise acquires mushrooms from a producer and prepares for marketing or markets such mushrooms, or who prepares for marketing or markets mushrooms of that person's own production.

(6) Importer.—The term "importer" means any person who imports, on average, over 500,000 pounds of mushrooms annually from outside the United States.

(7) Industry information.—The term "industry information" means information and programs that are designed to lead to the development of new markets and marketing strategies, increased efficiency, and activities to enhance the image of the mushroom industry.

(8) Marketing.—The term "marketing" means the sale or other disposition of mushrooms in any channel of commerce.

(9) Mushrooms.—The term "mushrooms" means all varieties of cultivated mushrooms grown within the United States for the fresh market, or imported into the United States for the fresh market, that are marketed, except that such term shall not include mushrooms that are commercially marinated, canned, frozen, cooked, blanched, dried, packaged in brine, or otherwise processed, as may be determined by the Secretary.

(10) Person.—The term "person" means any individual, group of individuals, partnership, corporation, association, cooperative, or any other legal entity.

(11) Producer.—The term "producer" means any person engaged in the production of mushrooms who owns or who shares the ownership and risk of loss of such mushrooms and who produces, on average, over 500,000 pounds of mushrooms per year. The Committee, as well as the industry, recognizes growers with production under this level as small producers who are "hobby" growers and who do not have a major impact on the commercial market. However, the benefits of the program would accrue to these small producers as well.

(12) Promotion.—The term "promotion" means any action determined by the Secretary to enhance the image or desirability of mushrooms, including paid advertising.

(13) Research.—The term "research" means any type of study to advance the image, desirability, marketability, production, product development, quality, or nutritional value of mushrooms.

(14) Secretary.—The term "Secretary" means the Secretary of Agriculture.

(15) State and United States.—The terms "State" and "United States" include the 50 States of the United States, the District of Columbia, and the Commonwealth of Puerto Rico.

Section 1444—Issuance of orders

Section 1444(a) will require the Secretary, in order to effectuate the declared policy of section 1442(b) and subject to the procedures provided in section 1444(b), to issue orders under part 2 applicable to producers, importers, and first handlers of mushrooms. Section 1444(a) will also require any such order to be national in scope, and prohibit any more than one order from being in effect at any one time.

Section 1444(b)(1) will provide that (A) the Secretary may propose the issuance of an order pursuant to part 2, or (B) an association of mushroom producers or any other person that will be affected by part 2 may request the issuance of, and submit a proposal for, such an order.

Section 1444(b)(2) will require the Secretary to publish a proposed order and give due notice and opportunity for public comment on the proposed order not later than 60 days after the receipt of a request and proposal by an interested person for an order, or when the Secretary determines to propose an order, as provided under this subsection.

Section 1444(b)(3) will require the Secretary to issue an order, after notice and opportunity for public comment are given, as provided in paragraph (2), taking into consideration the comments received and including in the order provisions necessary to ensure that the order is in conformity with the requirements of part 2 of the bill. Section 1444(b)(3) will also require such order to be issued and to become effective not later than 180 days following publication of the proposed order, if approved by producers and importers of mushrooms as provided in section 1446(a).

Section 1444(c)(1) will authorize the Secretary, from time to time, to amend any order issued under section 1444.

Section 1444(c)(2) will require that the provisions of part 2 applicable to an order will also be applicable to amendments to the order.

Section 1445—Required terms in orders

Section 1445(a) will require each order issued under part 2 to contain the terms and conditions prescribed in section 1445.

Section 1445(b)(1)(A) will require the order to provide for the establishment of, and selection of members to, a Mushroom Council that will consist of at least 4 members and not more than 9 members.

Section 1445(b)(1)(B) will require, except as provided for in section 1445(b)(2), the members of the Council to be mushroom producers and importers appointed by the Secretary from nominations submitted by producers and importers in the manner authorized by the Secretary, with the limitation that no more than one member may be appointed to the Council from nominations submitted by any one producer or importer.

Section 1445(b)(2)(A) will require the Secretary, in making appointments, to take into account, to the extent practicable, the geographical distribution of mushroom production throughout the United States, and the comparative volume of mushrooms imported into the United States.

Section 1445(b)(2)(B) will require, in establishing the geographical distribution of mushroom production described in section 1445(b)(2)(A), that a whole State shall be considered as a unit, and that such units must be organized into 4 regions that fairly represent the geographic distribution of mushroom production within the United States.

Section 1445(b)(2)(C) will require importers of mushrooms to be represented as one region on the Council, and require that such region be separate from the 4 regions established under section 1445(b)(2)(B).

Section 1445(b)(2)(D) will require the Secretary to appoint to the Council one member from each region that produces or imports, on average, at least 35,000,000 pounds of mushrooms annually.

Section 1445(b)(2)(E) will require the Secretary to appoint, subject to the nine-member limit on the number of members on the Council provided in section 1445(b)(1), an additional member to the Council from a region for each additional 50,000,000 pounds of production or imports per year, on average, within the region.

Section 1445(b)(2)(F) will require that, for the purposes of section 1445(b)(2), in determining average annual mushroom production in each of the 4 regions of the United States the Secretary may only consider mushrooms produced by producers covered by part 2, as the term producer is defined in section 1443(11).

Section 1445(b)(2)(G) will authorize the Secretary, if producers and importers fail to nominate individuals for appointment, to appoint members of the Council on a basis provided for in the order.

Section 1445(b)(3)(A) will require the term of appointment to the Council to be for 3 years, except that the initial appointments to

the Council must, to the extent practicable, be proportionately for 1-year, 2-year, and 3-year terms.

Section 1445(b)(3)(B) will require Council members to serve without compensation except for the requirement that the Council reimburse Council members for their expenses incurred in performing their duties as members of the Council.

Section 1445(c) will require the order to define the powers and duties of the Council, which must include the power and duty—

(1) to administer the order in accordance with its terms and provisions;

(2) to make rules and regulations [2] to effectuate the terms and provisions of the order;

(3) to appoint members of the Council to serve on an executive committee;

(4) to propose, receive, evaluate, approve and submit to the Secretary for approval (as provided in section 1445(d)) budgets, plans, and projects of mushroom promotion, research, consumer information, and industry information, as well as to contract and enter into agreements with appropriate persons to implement such plans or projects;

(5) to develop and propose to the Secretary voluntary quality and grade standards for mushrooms;

(6) to receive, investigate, and report to the Secretary complaints of violations of the order;

(7) to recommend to the Secretary amendments to the order; and

(8) to invest, pending disbursement under a plan or project, funds collected through assessments authorized under this part only in—

(A) obligations of the United States or any agency thereof;

(B) general obligations of any State or any political subdivision thereof;

(C) any interest-bearing account or certificate of deposit of a bank that is a member of the Federal Reserve System; or

(D) obligations fully guaranteed as to principal and interest by the United States,

except that income from any such invested funds may only be used for any purpose for which the invested funds (funds raised through assessments authorized under section 1445(g)) may be used.

The Committee intends that, in the issuance and oversight of the order authorized under part 2 of title XIV of the bill, the Secretary will provide appropriate safeguards to ensure that the funds invested by the Board as authorized under section 1445(c)(8) will be invested only in safe and sound investment accounts, certificates, obligations, or other instruments, as determined appropriate by the Secretary. In order to ensure the safe and sound investment of such funds, the Secretary may require that such investments be

[2] The term "rules and regulations" used in this sense is not intended to mean a "rule" or "regulation" in the sense of a federal agency "rule" or "regulation". The Board's rules and regulations would not have the force and effect of law.

fully insured or guaranteed as to principle or interest by the appropriate local, state, or Federal agency, or such other entity as the Secretary determines appropriate, consistent with section 1445(c)(8).

Section 1445(d)(1) will require the order to stipulate that the Council must submit to the Secretary for approval any plan or project of promotion, research, consumer information, or industry information.

Section 1445(d)(2) will require the order to stipulate that the Council must submit to the Secretary for approval budgets on a fiscal year basis of the Council's anticipated expenses and disbursements in the implementation of the order, including projected costs of promotion, research, consumer information, and industry information plans and projects.

Section 1445(d)(3) will prohibit the implementation of any plan or project of promotion, research, consumer information, or industry information, or budget, prior to its approval by the Secretary.

Section 1445(e)(1) will require the order, in order to ensure the efficient use of funds, to provide that the Council may enter into contracts or agreements for the implementation and carrying out of plans or projects of mushroom promotion, research, consumer information, or industry information, including contracts with producer organizations, and for the payment of the costs of such plans or projects with funds received by the Council under the order.

Section 1445(e)(2) will require any contract or agreement described under section 1445(e)(1) to provide that—

(A) the contracting party must develop and submit to the Council a plan or project together with a budget or budgets that show estimated costs to be incurred for such plan or project;

(B) the plan or project will become effective on the approval of the Secretary; and

(C) the contracting party will be required to keep accurate records of all of its transactions, account for funds received and expended, make periodic reports to the Council of activities conducted, and make such other reports as the Council or the Secretary may require.

Section 1445(e)(3) will require the order to provide that the Council may contract with producer organizations for any other services. Any such contract shall include provisions comparable to those provided in sections 1445(e)(2) (A), (B), and (C).

Section 1445(f)(1) will provide that the order must require the Council to—

(A) maintain such books and records (which shall be available to the Secretary for inspection and audit) as the Secretary may prescribe;

(B) prepare and submit to the Secretary, from time to time, such reports as the Secretary may prescribe; and

(C) account for the receipt and disbursement of all funds entrusted to the Council.

Section 1445(f)(2) will require the Council to (A) cause its books and records to be audited by an independent auditor at the end of each fiscal year, and (B) to submit a report of such audit to the Secretary.

Section 1445(g)(1)(A) will require the order to stipulate that each first handler of mushrooms for the domestic fresh market produced in the United States must collect, in the manner prescribed by the order, assessments from producers and remit the assessments to the Council.

Section 1445(g)(1)(B) will require the order to stipulate that each importer of mushrooms for the domestic fresh market must pay assessments to the Council in the manner prescribed by the order.

Section 1445(g)(1)(C) will require any person marketing mushrooms of that person's own production directly to consumers to remit the assessments on such mushrooms directly to the Council in the manner prescribed in the order.

Section 1445(g)(2) will (A) require the rate of assessments under the order to be determined and announced by the Council, (B) authorize the Council to change the rate of assessments, within the limitations provided in such section, at any time without a referendum on such changes, and (C) require that the order provide that the rate of assessment—

(i) for the first year of the order, may not exceed one-quarter cent per pound of mushrooms;

(ii) for the second year of the order, may not exceed one-third cent per pound of mushrooms;

(iii) for the third year of the order, may not exceed one-half cent per pound of mushrooms; and

(iv) for the following years of the order, may not exceed one cent per pound of mushrooms.

Section 1445(g)(3) will require the order to stipulate that the assessments will be used for payment of the expenses in implementing and administering part 2, with provision for a reasonable reserve, and to cover those administrative costs incurred by the Secretary in implementing and administering part 2, except for the salaries of Government employees incurred in conducting referenda pursuant to part 2.

Section 1445(g)(4) will prohibit the collection of any assessment on mushrooms that a first handler certifies will be exported as mushrooms.

Section 1445(h) will require the order to prohibit any funds received by the Council under the order from being used in any manner for the purpose of influencing legislation or government action or policy, except that such funds may be used by the Council for the development and recommendation to the Secretary of amendments to the order as prescribed in this part and for the submission to the Secretary of recommended voluntary grade and quality standards for mushrooms under the Agricultural Marketing Act of 1946 (7 U.S.C. 1621 et seq.).

Section 1445(i)(1) will require the order to stipulate that each first handler and importer of mushrooms (A) maintain, and make available for inspection, such books and records as may be required by the order, and (B) file reports at the time, in the manner, and having the content prescribed by the order.

Section 1445(i)(2) will require that the information described in section 1445(i)(1) be made available to the Secretary as is appropriate for the administration or enforcement of part 2 of title XIV of the bill, the order, or any regulation issued under part 2.

Section 1445(i)(3)(A) will require all of the information obtained under paragraph (1) to be kept confidential by all officers and employees of the Department and the Council, and agents of the Council, and only such information so obtained as the Secretary considers relevant may be disclosed to the public by them and then only in a suit or administrative hearing brought at the request of the Secretary, or to which the Secretary or any officer of the United States is a party, and involving the order.

Section 1445(i)(3)(B) will prohibit anything in section 1445(i)(3) from being construed to prohibit—

(i) the issuance of general statements, based on the reports, of the number of persons subject to the order or statistical data collected therefrom, which statements do not identify the information furnished by any person; or

(ii) the publication, by direction of the Secretary, of the name of any person violating the order, together with a statement of the particular provisions of the order violated by such person.

Section 1445(i)(4)(A) will provide that, except as provided in section 1448, information obtained under part 2 may be made available to another agency of the Federal Government for a civil or criminal law enforcement activity if such activity is authorized by law and if the head of the agency has made a written request to the Secretary specifying the particular information desired and the law enforcement activity for which the information is sought.

Section 1445(i)(4)(B) will require any person who knowingly violates section 1445(i), on conviction, to be subject to a fine of not more than $1,000 or to imprisonment for not more than 1 year, or both. Section 1445(i)(4)(B) will also require the removal from office of such person, if such person is an officer or employee of the Council or the Department.

Section 1445(i)(5) will prohibit anything in part 2 from being construed to authorize the withholding of information from Congress.

Section 1445(j) will require the order to also contain such terms and conditions, not inconsistent with part 2, as are necessary to effectuate this part. Such terms and conditions must include provisions for the imposition of a penalty for each late payment of assessments provided for under section 1445(g).

Section 1446—Referenda

Section 1446(a)(1) will require the Secretary, within the 60-day period immediately preceding the effective date of an order issued under section 1444(b), to conduct an initial referendum among mushroom producers and importers to ascertain whether the order shall go into effect.

Section 1446(a)(2) will require the order to become effective, as provided in section 1444(b), if the Secretary determines that the order has been approved by a majority of the producers and importers voting in the referendum, which majority, on average, annually produces and imports into the United States more than 50 percent of the mushrooms annually produced and imported by all those voting in the referendum.

Section 1446(b)(1)(A) will require the Secretary, effective 5 years after the date on which an order becomes effective under section 1444(b), to conduct a referendum among mushroom producers and

importers to ascertain whether they favor continuation, termination, or suspension of the order.

Section 1446(b)(1)(B) will authorize the Secretary, effective beginning 3 years after the date on which an order becomes effective under section 1444(b), on request of a representative group comprising 30 percent or more of the number of mushroom producers and importers, to conduct a referendum to ascertain whether producers and importers favor termination or suspension of the order.

Section 1446(b)(2) will provide that if, as a result of any referendum conducted under section 1446(b)(1), the Secretary determines that suspension or termination of an order is favored by a majority of the producers and importers voting in the referendum, which majority, on average, annually produces and imports into the United States more than 50 percent of the mushrooms annually produced and imported by all those voting in the referendum, then the Secretary will be required to—

(A) within 6 months after making such determination, suspend or terminate, as appropriate, collection of assessments under the order; and

(B) suspend or terminate, as appropriate, activities under the order in an orderly manner as soon as practicable.

Section 1446(c) will require referenda conducted pursuant to section 1446 to be conducted in such a manner as is determined by the Secretary.

Section 1447—Petition and review

Section 1447(a)(1) will permit a person subject to an order issued under part 2 to file with the Secretary a petition—

(A) stating that the order, any provision of the order, or any obligation imposed in connection with the order, is not in accordance with law; and

(B) requesting a modification of the order or an exemption from the order.

Section 1447(a)(2) will require that the person submitting a petition under section 1447(a)(1) be given the opportunity for a hearing on the petition, in accordance with regulations issued by the Secretary.

Section 1447(a)(3) will require the Secretary, after the conduct of the hearing required under section 1447(a)(2), to make a ruling on the petition, and require that such ruling will be considered to be final if in accordance with law.

Section 1447(b)(1) will vest the district courts of the United States in any district in which a person who is a petitioner under subsection (a) resides or carries on business with jurisdiction to review the ruling of the Secretary on such person's petition (as provided under section 1447(a)(3)), if a complaint for that purpose is filed within 20 days after the date of the entry of such ruling.

Section 1447(b)(2) will require service of process in such proceedings to be conducted in accordance with the Federal Rules of Civil Procedure.

Section 1447(b)(3) will require the court, if it determines that the ruling of the Secretary under section 1447(a)(3) is not in accordance with law, to remand the matter to the Secretary with directions either—

(A) to make such ruling as the court determines to be in accordance with law; or

(B) to take such further action as, in the opinion of the court, the law requires.

Section 1447(b)(4) will prohibit the pendency of proceedings instituted under section 1447(a) from impeding, hindering, or delaying the Attorney General or the Secretary from obtaining relief by taking any enforcement action pursuant to section 1448 of the bill.

Section 1448—Enforcement

Section 1448(a) will vest the several district courts of the United States with jurisdiction specifically to enforce, and to prevent and restrain any person from violating, any order or regulation made or issued by the Secretary under part 2.

Section 1448(b) will require that a civil action to be brought under section 1448 must be referred to the Attorney General for appropriate action, except that the Secretary will not be required to refer to the Attorney General a violation of part 2, or any order, rule, or regulation issued under part 2, if the Secretary believes that the administration and enforcement of part 2 would be adequately served by administrative action under section 1448(c) or by providing a suitable written notice or warning to the person who committed or is committing the violation.

Section 1448(c)(1) will authorize the Secretary to assess, for each violation, a civil penalty of not less than $500 nor more than $5,000 against a person who willfully violates a provision of any order or regulation issued by the Secretary under part 2, or who fails or refuses to pay, collect, or remit any assessment or fee duly required of the person under such order or regulation. Section 1448(c)(1) will also require that each violation is a separate offense.

Section 1448(c)(2) will authorize the Secretary, in addition to or in lieu of the civil penalty authorized under section 1448(c)(1), to issue an order requiring such person to cease and desist from continuing such violation.

Section 1448(c)(3) will prohibit any penalty from being assessed or any cease and desist order from being issued by the Secretary under section 110(c) unless the Secretary gives the person against whom the order is issued or the penalty is assessed notice and opportunity for a hearing before the Secretary with respect to such violation.

Section 1448(c)(4) will require that the order of the Secretary imposing a cease and desist order or assessing a penalty will be final and conclusive unless the person against whom the order is issued or the penalty is assessed files an appeal with the appropriate district court of the United States in accordance with section 1448(d).

Section 1448(d)(1) will provide that a person against whom a violation is found and a civil penalty assessed or cease and desist order issued under section 1448(c) may obtain judicial review of the penalty if such person—

(A) files, within the 30-day period beginning on the date such penalty is assessed or order issued, a notice of appeal in the district court of the United States for the district in which such person resides or does business, or in the United States district court for the District of Columbia; and

(B) simultaneously sends a copy of the notice by certified mail to the Secretary.

Section 1448(d)(2) will require the Secretary to promptly file in such court a certified copy of the record on which the Secretary found that the person had committed a violation.

Section 1448(d)(3) will provide that a finding of the Secretary under section 1448 may be set aside only if the finding is found to be unsupported by substantial evidence.

Section 1448(e) will provide that any person who fails to obey a cease and desist order after the order has become final and unappealable, or after the appropriate United States district court has entered a final judgment in favor of the Secretary, will be subject to a civil penalty assessed by the Secretary, after opportunity for a hearing and for judicial review under the procedures specified in sections 1448(c) and (d), of not more than $500 for each offense. Each day during which the failure to obey the cease and desist order continues must be considered as a separate violation of such order.

Section 1448(f) will provide that if a person fails to pay an assessment of a civil penalty after it has become final and unappealable, or after the appropriate United States district court has entered final judgment in favor of the Secretary, the Secretary shall refer the matter to the Attorney General for recovery of the amount assessed in any district court in which the person resides or conducts business. In such action, the validity and appropriateness of such civil penalty will not be subject to review.

Section 1449—Investigations and power to subpoena

Section 1449(a) will authorize the Secretary to make such investigations as the Secretary considers necessary (1) for the effective administration of part 2, or (2) to determine whether any person subject to part 2 has engaged or is engaging in any act that constitutes a violation of part 2 or of any order, rule, or regulation issued under part 2.

Section 1449(b)(1) will authorize the Secretary, for the purpose of an investigation made under section 1449(a), to administer oaths and affirmations and issue a subpoena to require the production of any records that are relevant to the inquiry. The production of any such records may be required from any place in the United States.

Section 1449(b)(2) will authorize the presiding officer of an administrative hearing held under section 1447 or section 1448 to administer oaths and affirmations, subpoena witnesses, compel the attendance of witnesses, take evidence, and require the production of any records that are relevant to the inquiry. The attendance of witnesses and the production of any such records may be required from any place in the United States.

Section 1449(c) will authorize the Secretary, in case of contumacy by, or refusal to obey a subpoena issued to, any person, to invoke the aid of any court of the United States within the jurisdiction of which such investigation or proceeding is carried on, or where such person resides or carries on business, in order to enforce a subpoena issued by the Secretary under subsection (b). Section 1449(c) will also authorize the court to issue an order requiring such person to comply with such a subpoena.

Section 1449(d) will permit a court issuing an order under section 1449(c) to punish any failure to obey such order of the court as a contempt thereof.

Section 1449(e) will provide that the service of process in any case under section 1449 may be served in the judicial district in which such person resides or conducts business or wherever such person may be found.

Section 1449(f) will require any hearings held under section 1449 to be held within the judicial district where such person resides or has a principal place of business.

Section 1450—Savings provision

Section 1450 will prohibit anything in part 2 from being construed to preempt or supersede any other program relating to mushroom promotion, research, consumer information, or industry information organized and operated under the laws of the United States or any State.

Section 1451—Suspension or termination of orders

The Secretary shall, whenever the Secretary finds that the order or any provision of the order obstructs or does not tend to effectuate the declared policy of this part, terminate or suspend the operation of such order or provision. The termination or suspension of any order, or any provision thereof, shall not be considered an order under the meaning of this part.

Section 1452—Authorization of appropriations

Section 1452(a) will authorize to be appropriated for each fiscal year such sums as are necessary to carry out the provisions of part 2.

Section 1452(b) will prohibit the use of funds appropriated to carry out part 2 for the payment of the expenses or expenditures of the Council in administering any provision of an order issued under part 2.

Section 1453—Regulations

Section 1453 will authorize the Secretary to issue such regulations as are necessary to carry out the provisions of part 2 of title XIV of the bill.

Part 3—Potatoes

Section 1461—Short title

Section 1461 will provide that part 3 of the bill may be cited as the "Potato Research and Promotion Act Amendments of 1990".

Section 1462—Findings and declaration of policy

Section 1462 of the bill will amend the findings and declaration of policy in section 302 of the Potato Research and Promotion Act (7 U.S.C. 2611, et seq.; hereinafter referred to as the "Act") to—

(1) make the findings of the Act applicable to potatoes produced in foreign countries and imported into the United States, as well as to domestically produced potatoes;

(2) strike obsolete provisions of such findings; and

(3) include in the declaration of policy of the Act language clarifying that the program authorized under the Act may be carried out to maintain and expand domestic and foreign markets for potato products, as well as potatoes.

Section 1463—Definitions

Section 1463 of the bill will amend section 303 of the Act to—

(1) provide that the definition of "potatoes" under the Act will include all varieties of Irish potatoes grown by producers in the fifty States as well as those grown in foreign countries and imported into the United States (current includes only such potatoes grown in the "48 contiguous States" in such definition); and

(2) define the term "importer" as used in the Act to mean any person who imports tablestock, frozen, or processed potatoes for ultimate consumption by humans, or seed potatoes, into the United States.

Section 1464—Authority to issue a plan

Section 1464 of the bill will amend section 304 of the Act to provide that any order (or plan, as such orders are referred to in the remainder of the Act) the Secretary of Agriculture (hereafter referred to as the "Secretary") is required to issue under section 304 of the Act will—

(1) apply to importers of potatoes as well as handlers;

(2) require that assessments will be collected under the plan on potatoes imported into the United States as well as those domestically produced potatoes handled in the United States;

(3) apply to potatoes produced in the 50 States of the United States, rather than the 48 contiguous States, as provided in the Act; and

(4) apply to potatoes produced in foreign countries and imported into the United States, if importers are subject to such a plan.

Section 1465—Notice and hearings

Section 1465 of the bill will amend section 305 of the Act to require the Secretary to give due notice and opportunity for hearing upon a proposed plan when sufficient evidence is presented by "interested persons" (as opposed to by "potato producers", as provided in current law) that a proposed plan will effectuate the declared policy of the Act.

Section 1466—Required terms in plans

Section 1466(a)(1) of the bill will amend section 308(b) of the Act to—

(A) require that, if importers are subject to a plan under the Act, then the National Potato Promotion Board (hereinafter referred to as the "board") will also include up to 5 representatives of importers, appointed by the Secretary from nominations submitted by importers in such manner as may be prescribed by the Secretary;

(B) authorize the Secretary to appoint importer representatives to the board on the basis of representation, as provided

for in the plan, if importers fail to select nominees for appointment to the board; and

(C) provide that the requirement for the inclusion of public representatives on the board not be subject to importer approval.

Section 1466(a)(2) will amend section 308(e) of the Act to—

(A) increase from one cent to 2 cents per one hundred pounds of potatoes handled the maximum allowable rate of assessment under a plan; and

(B) to provide that, upon the approval of producers and importers when importers are subject to a plan (rather than producers only as in current law), the maximum allowable rate of assessment may be up to one-half of one percent of the immediate past ten calendar-year United States average price received for potatoes by growers.

Section 1466(a)(3) will amend section 308(f)(1) of the Act to require that the reimbursement of referendum and administrative costs to the Department of Agriculture by the board not be subject to approval by importers, if importers are subject to a plan. Current law provides that the reimbursement of such costs not be subject to approval by producers, only.

Section 1466(a)(4) will strike section 308(g) of the Act, which requires that any plan issued under the Act afford potato producers the right to demand and receive from the board a refund of assessments paid under the Act, thus making mandatory the payment of assessments under the Act unless a refund provision is approved as a permissive term in the plan, as provided in the new section 309(g) of the Act.

Section 1467—Permissive terms in plans

Section 1467 of the bill will amend section 309 of Act to add two new subsections.

The new section 309(g) of the Act will include in the terms that may be included in a plan under the Act a provision to afford any potato producer or importer against whose potatoes any assessment is made and collected under authority of part 3, and who is not in favor of supporting the research and promotion program, the right to demand and receive from the board a refund of such assessment. The producer or importer would be required to make such demand for a refund (1) personally, (2) in accordance with regulations, (3) on a form, (4) within a time period prescribed by the board and approved by the Secretary (but in no event less than 90 days after the collection of such assessment), and (5) upon submission of proof satisfactory to the board that the producer or importer paid the assessment for which refund is sought. It would be required that any such refund be made within 60 days after demand therefor.

The new section 309(h) of the Act will include in the terms that may be included in a plan under the Act a provision to authorize the assessment of imports of tablestock, frozen, or processed potatoes for ultimate consumption by humans and seed potatoes into the United States.

Section 1468—Assessments

Section 1468 will amend section 310 of the Act to require the payment of assessments under the Act by importers, as well as handlers, as in current law.

Section 1468(1) will add a new section 10(a)(2) to the Act that will require (A) each importer designated by the board to be responsible for payment to the board, as it may direct, of any assessment levied on potatoes, (B) the assessment on imported tablestock, frozen, or processed potatoes for ultimate consumption by humans, and seed potatoes to be established by the board so that the effective assessment equals that on domestic production, (C) the assessment to be paid by the importer to the board at the time of entry into the United States, (D) each such importer to maintain a separate record including the total quantity of table stock, frozen, processed potatoes for ultimate consumption by humans, and seed potatoes imported into the United States that are included under the terms of the plan as well as those that are exempt under such plan, and indicate such other information as may be prescribed by the board, and (E) that no more than one assessment may be made on any imported potatoes.

Section 1468(2) will amend section 310(b) of the Act to require importers to maintain and make available for inspection by the Secretary such books and records as required by the plan.

Section 1468(3) will amend section 310(c)(1) of the Act to provide that nothing in section 310(c) of the Act may be deemed to prohibit the issuance of general statements based upon the reports of a number of importers (as well as handlers, as under current law) if such statements do not identify the information furnished by any person.

Section 1469—Investigation and power to subpoena

Section 1469 will amend section 313 of the Act to clarify that the Secretary may make such investigations as the Secretary deems necessary to determine whether any person has engaged or is engaging in any acts or practices which violate the Act.

Section 1470—Requirement of referendum

Section 1470(1) of the bill will amend section 314(a) of the Act to require the Secretary, when the issuance of a plan would subject importers to the terms and conditions of a plan, to also conduct the referendum among importers, who during a representative period determined by the Secretary have been engaged in the importation of potatoes, for the purpose of ascertaining whether the issuance of such plan is approved or favored by such importers.

Section 1470(2) of the bill will amend section 314(b) of the Act to provide that the required margin for approval in a referendum under the Act to be a majority of the producers voting in such referendum, or a majority of the producers and importers voting in such referendum, when the issuance of a plan would subject importers to the terms and conditions of a plan. Under current law the margin of approval for approval of a referendum is—

(1) not less than two-thirds of the producers voting in such referendum, or by the producers of not less than two-thirds of

the potatoes produced during the representative period by producers voting in such referendum; and

(2) not less than a majority of the producers voting in such referendum.

Section 1470(3) of the bill will amend section 314(c) of the Act to provide that the failure of importers (as well as producers, as under current law) to approve an amendment to any plan issued under the Act may not be deemed to invalidate such plan.

Section 1470(4) of the bill will amend section 314(d) of the Act to require that the ballots and other information or reports which reveal or tend to reveal the vote of any importer or the volume of potatoes imported by such importer be held strictly confidential.

Section 1471—Suspension or termination of plans

Section 1471(1) of the bill will amend section 315(b) of the Act to require the Secretary to hold a referendum on the request of 10 percent or more of potato producers and importers, when importers are subject to the plan, and to make other conforming changes.

Section 1471(2) of the bill will add a new section 315(c) to the Act to clarify that the termination or suspension of any plan, or any provision thereof, may not be considered to be the issuance of a plan within the meaning of the Act.

Section 1472—Amendment procedure

Section 1472(a) will require, notwithstanding any provision of the Act, the procedure specified in section 1472 to apply if a producer or a producer organization requests the Secretary to amend the plan in effect under that Act to—

(1) subject importers to the terms and conditions of a plan, and

(2) eliminate provisions for refunds of assessments for those not in favor of supporting the research and promotion program provided under the Act.

The procedure under this section shall apply only in the case of the first such request received after the date of enactment of part 3.

Section 1472(b) will require the Secretary to publish for public comment such proposed amendments to the plan within 60 days after the receipt of a request under section 1472(a).

Section 1472(c) will require the Secretary, not later than 150 days after publication of such amendment, and after notice and opportunity for public comment, to issue the amendments to the plan, as described in section 1472(a), if the Secretary has reason to believe that the amendments will tend to effectuate the declared policy of part 3.

Section 1472(d) will require the Secretary, not later than 24 months after the date of issuance of such amendments to the plan, to conduct a referendum among producers and importers who, during a representative period determined by the Secretary, have been engaged in the production or importation of potatoes. The amendments to the plan may be continued only if the Secretary determines that the amendments have been approved by a majority of the total number of producers and importers voting in the referendum.

Section 1472(e) will require the board to—

(1) establish an escrow account to be used for assessment refunds, and place funds in such account in accordance with section 1472(e)(2) during the period beginning on the effective date of the amendments to the plan issued under section 1472(c) and ending on the date of the referendum on the amendments to the plan;

(2) place in the account established under section 1472(e)(1), from assessments collected under the plan during the period referred to in such section, an amount equal to 10 percent of the assessments collected during such period;

(3) require that, subject to sections 1472(e)(4), (5), and (6), for the period referred to in section 1472(e)(1) any producer or importer have the right to demand and receive from the board a one-time refund of assessments collected from such producer or importer during such period if—

(A) such producer or importer is responsible for paying such assessments;

(B) such producer or importer does not support the program established under the plan; and

(C) the amendments to the plan to eliminate provisions for refunds of assessments are not approved pursuant to a referendum conducted under section 1472(d);

(4) require such demand for a refund to be made in accordance with regulations, on a form, and within a time period prescribed by the board;

(5) require such refund to be made on submission of proof satisfactory to the board that such producer or importer paid the assessment for which refund is demanded; and

(6) prorate the amount of such refunds among all eligible producers and importers who demand such refund, if the amount in the escrow account required to be established by section 1472(e)(1) is not sufficient to refund the total amount of assessments demanded by all eligible producers and importers under this subsection.

Section 1472(f) of the bill will require—

(1) the Secretary to terminate the amendments; and

(2) the plan to continue in effect without the amendments, if such amendments to the plan are not approved pursuant to section 1472(d).

Section 1472(g) of the bill will require the Secretary, notwithstanding any provision of the Act, upon request of a producer or a producer organization, to issue an amendment to the plan to include the 50 States of the United States, and that such amendment not be subject to a referendum.

Part 4—Cotton

Section 1473—Short title

Section 1473 will provide that part 4 of title XIV of the bill may be cited as the "Cotton Research and Promotion Act Amendments of 1990".

Section 1474—Findings and declaration of policy

Section 1474 of the bill will amend section 2 of the Cotton Research and Promotion Act (7 U.S.C. 2101, et seq.; hereinafter referred to as the "Act") to—

(1) make the findings of the Act applicable to cotton grown outside the United States as well as cotton produced in the United States;

(2) strike obsolete provisions of such findings; and

(3) clarify that it is the policy of Congress and the purpose of the Act to authorize and enable the establishment of an orderly procedure for the development, financing through adequate assessments on all cotton marketed in the United States and on imports of cotton (as opposed to only the cotton harvested in the United States, as in current law), and carrying out a program of research and promotion for cotton as described in section 2 of the Act.

Section 1475—Required terms in order; cotton imports

Section 1475(1) will make technical and conforming amendments to section 7(a)(2) of the Act, consistent with section 1475.

Section 1475(2) will add a new section 7(b)(2) to the Act to require, when imports of cotton are subject to an order, that—

(A) the Cotton Board established pursuant to section 7(a) of the Act (hereinafter referred to as the "Cotton Board") include an appropriate number of representatives, as determined by the Secretary, of importers of cotton on which assessments are paid under the Act;

(B) such importer representatives be appointed by the Secretary after consultation with organizations representing importers, as determined by the Secretary; and

(C) each cotton-producing State is entitled to at least one representative on the Cotton Board.

Section 1475(3) will amend section 7(e) of the Act to require that orders issued pursuant to the Act contain certain enumerated terms and conditions.

The new section 7(e)(1) will require such orders to contain terms and conditions providing that—

(A) the producer or other person for whom the cotton is being handled must pay an assessment prescribed by the order to the handler of such cotton designated by the Cotton Board pursuant to regulations issued under the order;

(B) such handler shall collect such assessment from the producer or other person for whom the cotton, including cotton owned by the handler, is being handled, and shall pay such assessment to the Cotton Board; and

(C) each importer shall pay such assessment to the Cotton Board on imports of cotton,

as such assessment is prescribed by the order, on the basis of bales of cotton handled or imported. Section 7(e)(1) will also require the assessment to cover such expenses and expenditures, including provision for a reasonable reserve, as the Secretary finds are reasonable and likely to be incurred by the Cotton Board under the order, during any period specified by the Secretary.

The new section 7(e)(2) will require the order to provide for reimbursing the Secretary—

(A) for expenses, not to exceed $300,000, incurred by the Secretary in connection with any referendum conducted under section 8 of the Act; and

(B) for administrative costs incurred by the Secretary for supervisory work up to 5 employee years after an order or amendment to an order has been issued and made effective.

The new section 7(e)(2) will also require that there be included in the order a provision for reimbursing any agency of the Federal Government that assists in administering the import provisions of the order for a reasonable amount of the expenses incurred by that agency in connection therewith.

The new section 7(e)(3) will authorize the Cotton Board, in order to facilitate the collection and payment of assessments under section 7 of the Act, to designate different handlers or importers, or classes of handlers or importers, to recognize differences in marketing practices or procedures utilized in any State or area, with the exception that no more than one such assessment may be made on any bale of cotton, unless specifically authorized by provisions of section 7(e) of the Act.

The new section 7(e)(4) of the Act will require—

(A) the rate of assessment prescribed by the order to be $1 per bale of cotton handled, supplemented by an additional per bale amount not to exceed 1 percent of the value of cotton as determined by the Cotton Board and the Secretary;

(B) the rate of assessment on imports of cotton to be determined in the same manner as the rate of assessment per bale of cotton handled; and

(C) that the value to be placed on cotton imports for the purpose of determining the assessment on such imports be established by the Secretary in a fair and equitable manner.

The new section 7(e)(5) of the Act will prohibit any authority under the Act from being used as a basis to use funds collected under the Act to advertise or solicit votes in any referendum relating to the rate of assessment.

The new section 7(e)(6) will authorize the Secretary to maintain a suit against any person subject to the order for the collection of such assessment, and vest the several district courts of the United States with jurisdiction to entertain such suits regardless of the amount in controversy. Section 7(e)(6) will also clarify that the remedies provided in section 7 of the Act are in addition to, and not exclusive of, the remedies provided for elsewhere in the Act or now or hereafter existing at law or in equity.

The new section 7(e)(7) will require that the provisions of section 7(b) (regarding representation on the Cotton Board) and section 7(e) (regarding assessments) not be applicable to cottonseed and the products derived from cotton and its seed.

The new section 7(e)(8) will provide that the provisions of section 7(e) of the Act relating to importers and assessments on imports of cotton will be effective only if approved in a referendum as provided in section 8(b) or 8(c) of the Act, as added by section 1476 of the bill.

Section 1476—Requirements for referenda

Section 1476 of the bill will amend section 8 of the Act by adding a new subsection (b) and (c) thereto.

The new section 8(b)(1) of the Act will require the Secretary, notwithstanding the provisions of sections 4 and 5 of the Act (regarding notice and hearing, and the finding required prior to the issuance of an order), not later than 150 days after the date of enactment of part 4, and after notice and opportunity for public comment, to issue a proposed amendment to the order implementing the provisions of part 4. Section 8(c)(1) will also require that the proposed amendment to become effective as provided in the new section 8(b)(2) of the Act.

The new section 8(b)(2) of the Act will require the Secretary, notwithstanding the provisions of the current section 8 of the Act (redesignated as section 8(a) by the bill), to conduct, within a period not to exceed 8 months after the date of enactment of the bill, a referendum among persons who have been cotton producers and importers during a representative period, as determined by the Secretary, for the purpose of ascertaining if a majority of those voting approve the proposed amendment to the order issued by the Secretary under section 8(b)(1). The new section 8(b)(2) will also require the Secretary—

(A) to announce the results of the referendum within 30 days after the date of such referendum; and

(B) if the amendment is approved in the referendum, to publish the amendment to the order and regulations implementing the amendment provided for in section 8(b) within a period not to exceed 90 days from the date of announcement of the results of such referendum.

The new section 8(c)(1) will require the Secretary—

(A) notwithstanding the provisions of sections 4 and 5, once every five years after the date of the referendum provided for under section 8(b), to conduct a review to ascertain whether a referendum is needed to determine whether producers and importers favor continuation of the amendment to the order provided for in part 4 if such amendment is then in effect or, if such an amendment is not in effect, whether they favor approval of such an amendment;

(B) to make a public announcement of the results of the review described in (A) above within 60 days after each fifth anniversary date of the referendum provided for under section 8(b); and

(C) if the Secretary determines to provide for such a referendum, to conduct the referendum within 12 months after a public announcement of the determination to conduct the referendum.

The new section 8(c)(2) will require the Secretary, if the Secretary does not provide for such a referendum on the Secretary's own initiative, to conduct such a referendum upon the request of 10 percent or more of the number of cotton producers and importers voting in the most recent referendum, except that, in counting such requests for a referendum, not more than 20 percent of such requests may be from producers from any one State. Producers and

importers may sign up to request such a referendum at the county office of the Agricultural Stabilization and Conservation Service, or county extension agent, or by mailing such a request to the Secretary, as prescribed in regulations. Section 8(c)(2) will also require the signup period for such a referendum—

(A) to be for a period not to exceed 90 days;

(B) commence 60 days after the Secretary makes a public announcement of a determination not to provide for a referendum on the Secretary's own initiative; and

(C) be publicized by the Secretary and the Cotton Board immediately after such public announcement.

Finally, section 8(c)(2) will require the referendum to be held within 12 months after the end of the signup period, if requested by the requisite number of persons.

The new section 8(c)(3) will require that the amendment to the order provided for in section 8(c) not be effective if it is disapproved by a majority of cotton producers and importers of cotton voting in the referendum.

Section 1477—Suspension and termination of orders

Section 1477 will amend section 9(b) of the Act to provide for the representation of importers in a referendum to suspend or terminate an order under the Act.

Specifically, section 9(b) of the Act as amended will—

(1) authorize the Secretary to conduct a referendum at any time; and

(2) require the Secretary to hold a referendum on request of a number of producers and importers (if importers are subject to the order) equivalent to at least 10 percent of those persons voting in the most recent referendum to determine whether cotton producers and importers subject to the order favor the termination or suspension of the order.

Section 9(b), as amended, will also require the Secretary to suspend or terminate the order at the end of the marketing year, as defined in the order, whenever the Secretary determines suspension or termination of the order is approved by a majority of producers and importers (if importers are subject to the order) voting in the referendum who, during a representative period determined by the Secretary—

(1) have been engaged in the production and importation of cotton; and

(2) produced and imported more than 50 percent of the volume of cotton produced and imported by those voting in the referendum.

Section 1478—Amendments to the order

Section 1478 of the bill will amend section 10 of the Act to provide for procedures applicable to amendments to orders under the Act.

The new section 10(a) of the Act will require, except as provided in section 10(b) of the Act, the provisions of the Act applicable to orders to be applicable to amendments to orders.

The new section 10(b) will prohibit any amendment to an order issued under the Act from being effective unless the Secretary determines that—

(1) with respect to an amendment referred to in section 8(b) or (8)(c) of the Act, the amendment is approved by producers and importers of cotton as provided in such section; or

(2) with respect to any other amendment, that the amendment is approved by a majority of cotton producers and importers subject to the order voting in the referendum.

The new section 10(c) will prohibit the disapproval of any amendment to an order issued under the Act from being deemed to invalidate such order.

Section 1479—Producer refunds

Section 1479 of the bill will amend section 11 of the Act by adding a new subsection (b) to provide for the termination of the Cotton Board's authority to process applications for refunds if provided for in an amendment to the order approved by a majority of producers and importers voting in a referendum.

The new section 11(b) will require that the right of a producer to demand a refund under section 11(a) (the current section 11 of the Act) will—

(1) terminate if the proposed amendment of the order implementing part 4 is approved in the referendum provided for under the new section 8 of the Act;

(2) terminate 30 days after the date the Secretary announces the results of such referendum, if such proposed amendment is approved; and

(3) be reinstated if such amendment should be disapproved in any subsequent referendum.

Section 1480—Definitions

Section 1480 of the bill will amend section 17 of the Act to provide for the current definitions of "cotton" and "handler" to provide for imports of cotton, and to define "import" and "importer" for purposes of the Act.

Section 1480(1) of the bill will amend section 17(c) of the Act to provide that the term "cotton", as used in the Act--

(A) will include imports of upland cotton; and

(B) will not, however, include any entry of imported cotton by an importer that has a value or weight less than any de minimis figure established in accordance with regulations issued by the Secretary. Section 17(c), as amended, will require any such de minimis figure to be established so as to minimize the burden in administering the assessment provision but still to provide for the maximum participation of imports of cotton in the assessment provisions of the Act.

Section 1480(2) of the bill will amend section 17(d) of the Act to provide that, as used in the Act, the term "handler", for the purposes of section 3 (requiring the Secretary to issue and periodically amend cotton research and promotion orders), section 6(c) (requiring the maintenance and availability for inspection of books and records, and the filing of reports under the Act) and section 13 (regarding the enforcement of any order or regulation issued pursu-

ant to the Act), will include any person who imports cotton, including de minimis amounts of cotton described in section 17(c), as amended by the bill.

Section 1480(3) will add a new section 17(h) to the Act to provide that—

(A) the term "importer" will mean any person who enters, or withdraws from warehouse, cotton produced outside the United States for consumption in the customs territory of the United States; and

(B) the term "import" will mean any such entry, or withdrawal from warehouse, of any such cotton.

Part 5—Limes

Section 1481—Short title

Section 1481 of the bill will provide that part 5 of title XIV of the bill may be cited as the "Lime Research, Promotion, and Consumer Information Act of 1990".

Section 1482—Findings, purposes, and limitations

Section 1482(a) will set forth congressional findings that—

(1) domestically produced limes are grown by many individual producers;

(2) virtually all domestically produced limes are grown in the States of Florida and California;

(3) limes move in interstate and foreign commerce, and limes that do not move in such channels of commerce directly burden or affect interstate commerce in limes;

(4) in recent years, large quantities of limes have been imported into the United States;

(5) the maintenance and expansion of existing domestic and foreign markets for limes and the development of additional and improved markets for limes are vital to the welfare of lime producers and other persons concerned with producing, marketing, or processing limes;

(6) a coordinated program of research, promotion, and consumer information regarding limes is necessary for the maintenance and development of such markets; and

(7) lime producers, lime producer-handlers, lime handlers, and lime importers are unable to implement and finance such a program without cooperative action.

Section 1482(b) of the bill will provide that the purposes of part 5 are—

(1) to authorize the establishment of an orderly procedure for the development and financing (through an adequate assessment) of an effective and coordinated program of research, promotion, and consumer information regarding limes designed—

(A) to strengthen the position of the lime industry in domestic and foreign markets, and

(B) to maintain, develop, and expand markets for limes; and

(2) to treat domestically produced and imported limes equitably.

Section 1482(c) will prohibit anything in part 5 from being construed to require quality standards for limes, control the production of limes, or otherwise limit the right of individual producers to produce limes.

Section 1483—Definitions

Section 1483 will provide definitions for the following terms, for the purposes of part 5 of title XIV of the bill:

(1) Board.—The term "Board" means the Lime Board provided for under section 1485(b).

(2) Consumer information.—The term "consumer information" means any action taken to provide information to, and broaden the understanding of, the general public regarding the use, nutritional attributes, and care of limes.

(3) Handle.—The term "handle" means to sell, purchase, or package limes.

(4) Handler.—The term "handler" means any person in the business of handling limes.

(5) Importer.—The term "importer" means any person who imports limes into the United States.

(6) Lime.—The term "lime" means the fruit of a citrus aurantifolia tree for the fresh market.

(7) Marketing.—The term "marketing" means the sale or other disposition of limes in commerce.

(8) Order.—The term "order" means a lime research, promotion, and consumer information order issued by the Secretary under section 1484(a).

(9) Person.—The term "person" means any individual, group of individuals, partnership, corporation, association, cooperative, or other legal entity.

(10) Producer.—The term "producer" means any person who produces limes in the United States for sale in commerce.

(11) Producer-handler.—The term "producer-handler" means any person who is both a producer and a handler of limes.

(12) Promotion.—The term "promotion" means any action taken under part 5 (including paid advertising) to present a favorable image for limes to the general public with the express intent of improving the competitive position of limes and stimulating the sale of limes.

(13) Research.—The term "research" means any type of research relating to the use and nutritional value of limes and designed to advance the image, desirability, marketability, or quality of limes.

(14) Secretary.—The term "Secretary" means the Secretary of Agriculture.

(15) State and United States.—The terms "State" and "United States" include the 50 States of the United States, the District of Columbia, and the Commonwealth of Puerto Rico.

Section 1484—Issuance of orders

Section 1484(a) will require—

(1) the Secretary, subject to the provisions of part 5, and to effectuate the declared purposes of part 5, to issue and, from time to time, amend lime research, promotion, and consumer

information orders applicable to handlers, producers, producer-handlers, and importers of limes;

(2) any such order to be national in scope; and

(3) that not more than one order may be in effect under part 5 at any one time.

Section 1484(b)(1) will provide that any person that will be affected by part 5 may request the issuance of, and submit a proposal for, an order under part 5.

Section 1484(b)(2) will require the Secretary, not later than 60 days after the receipt of a request and proposal by an interested person for an order, to publish a proposed order and give due notice and opportunity for public comment on the proposed order.

Section 1484(b)(3) will require the Secretary, after notice and opportunity for public comment are given, to issue an order, taking into consideration the comments received and including in the order provisions necessary to ensure that the order is in conformity with the requirements of part 5.

Section 1484(b)(4) will require such order to be issued and become effective not later than 150 days following the publication of the proposed order.

Section 1484(c) will authorize the Secretary, from time to time, to amend any order issued under section 1484, and require the provisions of part 5 applicable to orders to be applicable to amendments to orders.

Section 1485—Required terms in orders

Section 1485(a) of the bill will require that an order issued by the Secretary under section 1484(a) must contain the terms and conditions described in section 1485 and, except as provided in section 1486, no other terms or conditions.

Section 1485(b) will require an order issued by the Secretary under section 1484(a) to provide for the establishment of a Lime Board as follows:

(1) Membership.—The Board must be composed of—

(A) 7 members who are producers and who are not exempt from an assessment under section 1485(d)(5)(A);

(B) 3 members who are importers and who are not exempt from an assessment under section 1485(d)(5)(A); and

(C) one member appointed from the general public.

(2) Appointment and nomination.—

(A) Appointment.—The Secretary will be required to appoint the members of the Board.

(B) Producers.—The 7 members who are producers will be required to be appointed from individuals nominated by lime producers.

(C) Importers.—The 3 members who are importers will be required to be appointed from individuals nominated by lime importers.

(D) Public.—The public representative will be required to be appointed from nominations of the Board.

(E) Failure to nominate.—If producers and importers fail to nominate individuals for appointment, the Secretary may appoint members on a basis provided for in the order.

If the Board fails to nominate a public representative, such member may be appointed by the Secretary without a nomination.

(F) Initial board.—The Secretary will be required to establish an initial Board from among nominations solicited by the Secretary. For the purpose of obtaining nominations for the members of the initial Board described in section 1485(b)(1), the Secretary will be required to perform the functions of the Board under this subsection as the Secretary determines necessary and appropriate.

Section 1485(b)(3) will require the Secretary to appoint an alternate for each member of the Board, and require that each alternate—

(A) be appointed in the same manner as the member for whom such individual is an alternate; and

(B) serve on the Board if such member is absent from a meeting or is disqualified under section 1485(b)(5). Section 1485(b)(4) will require that members of the Board be appointed for a term of 3 years, and require further that of the members first appointed—

(A) 3 members must be appointed for a term of 1 year;

(B) 4 members must be appointed for a term of 2 years; and

(C) 4 members must be appointed for a term of 3 years;

as designated by the Secretary at the time of appointment.

Section 1485(b)(5) will require a member or alternate to be disqualified from serving on the Board if such member or alternate was appointed as a producer, importer, or public representative and ceases to belong to the group for which such member was appointed.

Section 1485(b)(6) will require that members and alternates of the Board serve without pay.

Section 1485(b)(7) will require that, while away from their homes or regular places of business in the performance of duties for the Board, members and alternates be allowed travel expenses, including a per diem allowance in lieu of subsistence, in the same manner as persons employed intermittently in Government service are allowed travel expenses under section 5703 of part 5, United States Code.

Section 1485(b)(8) will require the Board to—

(A) administer orders issued by the Secretary under section 1484(a), and amendments to such orders, in accordance with their terms and provisions and consistent with this part;

(B) prescribe rules and regulations [3] to effectuate the terms and provisions of such orders;

(C) receive, investigate, and report to the Secretary accounts of violations of such orders;

(D) make recommendations to the Secretary with respect to amendments that should be made to such orders; and

(E) employ a manager and staff.

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[3] The term "rules and regulations" used in this sense is not intended to mean a "rule" or "regulation" in the sense of a federal agency "rule" or "regulation". The Board's rules and regulations would not have the force and effect of law.

Section 1485(c) will require an order under section 1484(a) to provide for periodic budgets and plans.

Section 1485(c)(1) will require the Board to prepare and submit to the Secretary a budget (on a fiscal period basis determined by the Secretary) of the anticipated expenses and disbursements of the Board in the administration of the order, including probable costs of research, promotion, and consumer information, and require that such budget take effect on the approval of the Secretary.

Section 1485(c)(2) will require each budget to include a plan for research, promotion, and consumer information regarding limes, and require that such plan take effect on the approval of the Secretary. The Board may enter into contracts and agreements, with the approval of the Secretary, for—

(A) the development and carrying out of such plan; and

(B) the payment of the cost of such plan with funds collected pursuant to part 5.

Section 1485(d) will require an order under section 1484(a) to provide for the imposition and collection of assessments with regard to the production and importation of limes.

Section 1485(d)(1) will provide that the assessment rate may not exceed one cent per pound of limes.

Section 1485(d)(2) will require first handlers of limes, except as provided in section 1485(d)(4), to—

(A) be responsible for the collection from the producer, and payment to the Board, of assessments under this subsection; and

(B) maintain a separate record of the limes of each producer whose limes are so handled, including the limes owned by the handler.

Section 1485(d)(3) will require, for the purposes of the collection and payment of assessments and the keeping of records under section 1485(d)(2), a producer-handler shall be considered the first handler of limes produced by such producer-handler.

Section 1485(d)(4) will require the assessment on imported limes to be—

(A) paid by the importer at the time of entry into the United States; and

(B) remitted to the Board.

Section 1485(d)(5) will provide for the following persons to be exempt from an assessment under this subsection—

(A) a producer who produces less than 35,000 pounds of limes per year;

(B) a producer-handler who produces and handles less than 35,000 pounds of limes per year; and

(C) an importer who imports less than 35,000 pounds of limes per year.

Section 1485(d)(6) will require, in order to claim an exemption under section 1485(d)(5) for a particular year, a person to submit an application to the Board—

(A) stating the basis for such exemption; and

(B) certifying that such person will not exceed the limitation required for such exemption in such year.

Section 1485(e)(1) will require an order to provide that funds paid to the Board as assessments under section 1485(d)—

(A) may be used by the Board to—

(i) pay for research, promotion, and consumer information described in the budget of the Board under section 1485(c) and for other expenses incurred by the Board in the administration of an order;

(ii) pay such other expenses for the administration, maintenance, and functioning of the Board as may be authorized by the Secretary; and

(iii) fund a reserve established under section 1486(4); and

(B) shall be used to pay the expenses incurred by the Secretary, including the salaries and expenses of government employees in implementing and administering the order, except as provided in section 1485(e)(2).

Section 1485(e)(2) will require an order issued under section 1485(a) to require the Board to reimburse the Secretary, from assessments collected under section 1485(d), for any expenses incurred by the Secretary in conducting referenda under part 5, except for the salaries of Government employees.

Section 1485(f) will require an order to provide that any promotion funded with assessments collected under section 1485(d) may not make—

(1) any false or unwarranted claims on behalf of limes; and

(2) any false or unwarranted statements with respect to the attributes or uses of any product that competes with limes for sale in commerce.

Section 1485(g) will require an order issued under section 1484(a) to provide that funds collected by the Board under part 5 through assessments authorized by this part may not, in any manner, be used for the purpose of influencing legislation or governmental policy or action, except for making recommendations to the Secretary as provided for in part 5.

Section 1485(h)(1) will require an order issued under section 1484(a) to require the Board—

(A) to maintain books and records with respect to the receipt and disbursement of funds received by the Board;

(B) to submit to the Secretary from time to time such reports as the Secretary may require for appropriate accounting; and

(C) to submit to the Secretary at the end of each fiscal year a complete audit report regarding the activities of the Board during such fiscal year.

Section 1485(h)(2) will require an order, so that information and data will be available to the Board and the Secretary that is appropriate or necessary for the effectuation, administration, or enforcement of part 5 of the bill (or any order or regulation issued under part 5), to require handlers, producer-handlers, and importers who are responsible for the collection, payment, or remittance of assessments under section 1485(d)—

(A) to maintain and make available for inspection by the employees of the Board and the Secretary such books and records as may be required by the order; and

(B) to file, at the time, in the manner, and having the content prescribed by the order, reports regarding the collection, payment, or remittance of such assessments.

Section 1485(i)(1) will require an order to stipulate that all information obtained pursuant to section 1485(h)(2) must be kept confidential by all officers and employees of the Department and of the Board. Only such information as the Secretary considers relevant shall be disclosed to the public and only in a suit or administrative hearing, brought at the request of the Secretary or to which the Secretary or any officer of the United States is a party, involving the order with respect to which the information was furnished or acquired.

Section 1485(i)(2) will provide that nothing in section 1485 will prohibit—

(A) the issuance of general statements based on the reports of a number of handlers, producer-handlers, and importers subject to an order, if the statements do not identify the information furnished by any person; or

(B) the publication, by direction of the Secretary, of the name of any person violating an order issued under section 1484(a), together with a statement of the particular provisions of the order violated by such person.

Section 1485(j) will provide that nothing in part 5 may be construed to authorize the withholding of information from Congress.

Section 1486—Permissive terms in orders

Section 1486 will provide that, on the recommendation of the Board and with the approval of the Secretary, an order issued under section 1484(a) may—

(1) provide authority to the Board to exempt from such order limes exported from the United States, subject to such safeguards as the Board may establish to ensure proper use of the exemption;

(2) provide authority to the Board to designate different handler payment and reporting schedules to recognize differences in marketing practices and procedures;

(3) provide that the Board may convene from time to time working groups drawn from producers, handlers, producer-handlers, importers, exporters, or the general public to assist in the development of research and marketing programs for limes;

(4) provide authority to the Board to accumulate reserve funds from assessments collected pursuant to section 1485(d) to permit an effective and continuous coordinated program of research, promotion, and consumer information, in years in which production and assessment income may be reduced, except that any reserve fund so established may not exceed the amount budgeted for operation of this part for 1 year;

(5) provide authority to the Board to use, with the approval of the Secretary, funds collected under section 1485(d) for the development and expansion of lime sales in foreign markets; and

(6) provide for terms and conditions—

(A) incidental to, and not inconsistent with, the terms and conditions specified in part 5; and

(B) necessary to effectuate the other provisions of such order.

Section 1487—Petition and review

Section 1487(a)(1) will provide that a person subject to an order may file with the Secretary a petition—

(A) stating that such order, a provision of such order, or an obligation imposed in connection with such order is not in accordance with law; and

(B) requesting a modification of the order or an exemption from the order.

Section 1487(a)(2) will require that a person submitting a petition under section 1487(a)(1) be given an opportunity for a hearing on the petition, in accordance with regulations issued by the Secretary.

Section 1487(a)(3) will require the Secretary, after the hearing, to make a ruling on the petition, and require that the Secretary's ruling will be final if in accordance with law.

Section 1487(b)(1) will vest the district courts of the United States, in any district in which such person who is a petitioner under section 1487(a) resides or carries on business with jurisdiction to review the ruling on such person's petition, if a complaint for that purpose is filed within 20 days after the date of the entry of a ruling by the Secretary under section 1487(a).

Section 1487(b)(2) will require service of process in proceedings under section 1487(b) to be conducted in accordance with the Federal Rules of Civil Procedure.

Section 1487(b)(3) will require the court, if it determines that the ruling of the Secretary under section 1487(a)(3) is not in accordance with law, to remand the matter to the Secretary with directions either—

(A) to make such ruling as the court determines to be in accordance with law; or

(B) to take such further action as, in the opinion of the court, the law requires.

Section 1487(b)(4) will prohibit the pendency of proceedings instituted pursuant to section 1487(a) from impeding, hindering, or delaying the Attorney General or the Secretary from obtaining relief pursuant to section 1488.

Section 1488—Enforcement

Section 1488(a) will vest the district courts of the United States with jurisdiction specifically to enforce, and to prevent and restrain any person from violating, any order or regulation made or issued by the Secretary under part 5.

Section 1488(b) will require that a civil action authorized to be brought under section 1488 to be referred to the Attorney General for appropriate action, except that the Secretary will not be required to refer to the Attorney General a violation of part 5, or any order or regulation issued under part 5, if the Secretary believes that the administration and enforcement of such part would be adequately served by administrative action under section 1488(c) or suitable written notice or warning to any person committing the violation.

Section 1488(c)(1) will authorize the Secretary to assess, for each violation, a civil penalty of not less than $500 nor more than $5,000

against a person who willfully violates any provision of any order or regulation issued by the Secretary under part 5, or who fails or refuses to pay, collect, or remit any assessment or fee duly required of the person under the order or regulation. Section 1488(c)(1) will also require that each such violation be a separate offense.

Section 1488(c)(2) will authorize the Secretary, in addition to or in lieu of the civil penalty authorized under section 1488(c)(1), to issue an order requiring such person to cease and desist from continuing such violation.

Section 1488(c)(3) will prohibit any order assessing a penalty or cease and desist order from being issued by the Secretary under section 1488(c) unless the Secretary gives the person against whom the order is issued notice and opportunity for a hearing on the record before the Secretary with respect to such violation.

Section 1488(c)(4) will require that the order of the Secretary assessing a penalty or imposing a cease and desist order will be final and conclusive unless the person against whom the order is issued files an appeal from such order with the appropriate district court of the United States, in accordance with section 1488(d).

Section 1488(d)(1) will provide that a person against whom a violation is found and a civil penalty assessed or cease and desist order issued under section 1488(c) may obtain review of the penalty or order in the district court of the United States for the district in which such person resides or does business, or the United States district court for the District of Columbia, if such person—

(A) files a notice of appeal in such court not later than 30 days after the date of such order; and

(B) simultaneously sends a copy of the notice by certified mail to the Secretary.

Section 1488(d)(2) will require the Secretary to promptly file in such court a certified copy of the record on which the Secretary found that the person had committed a violation.

Section 1488(d)(3) will provide that a finding of the Secretary under section 1488 may be set aside only if the finding is found to be unsupported by substantial evidence.

Section 1488(e) will provide that any person who fails to obey a cease and desist order issued by the Secretary after the order has become final and unappealable, or after the appropriate United States district court has entered a final judgment in favor of the Secretary, will be subject to a civil penalty assessed by the Secretary, after opportunity for a hearing and for judicial review under the procedures specified in sections 1488(c) and (d), of not more than $500 for each offense. Each day during which such failure continues must be considered a separate violation of such order.

Section 1488(f) will provide that if a person fails to pay an assessment of a civil penalty after it has become a final and unappealable order issued by the Secretary, or after the appropriate United States district court has entered final judgment in favor of the Secretary, the Secretary will be required to refer the matter to the Attorney General for recovery of the amount assessed in the district court of the United States in any district in which the person resides or conducts business. In such action, the validity and appropriateness of the final order imposing such civil penalty will not be subject to review.

Section 1489—Investigations and power to subpoena

Section 1489(a) will authorize the Secretary to make such investigations as the Secretary considers necessary—

(1) for the effective carrying out of the responsibilities of the Secretary under part 5; or

(2) to determine whether a person subject to the provisions of part 5 has engaged or is engaging in any act that constitutes a violation of any provision of part 5, or any order, rule, or regulation issued under part 5.

Section 1489(b)(1) will authorize the Secretary, for the purpose of an investigation made under section 1489(a), to administer oaths and affirmations and to issue a subpoena to require the production of any records that are relevant to the inquiry. The production of any such records may be required from any place in the United States.

Section 1489(b)(2) will authorize the presiding officer of an administrative hearing held under section 1487 or section 1488 of the bill, to administer oaths and affirmations, subpoena witnesses, compel the attendance of witnesses, take evidence, and require the production of any records that are relevant to the inquiry. The attendance of witnesses and the production of any such records may be required from any place in the United States.

Section 1489(c) will authorize the Secretary, in case of contumacy by, or refusal to obey a subpoena to, any person, to invoke the aid of any court of the United States within the jurisdiction of which such investigation or proceeding is carried on, or where such person resides or carries on business, in order to enforce a subpoena issued by the Secretary under section 1489(b). Section 1489(c) will also authorize the court to issue an order requiring such person to comply with such a subpoena.

Section 1489(d) will permit a court issuing an order under section 1489(c) to punish any failure to obey such order as a contempt thereof.

Section 1489(e) will provide that the service of process in any case under section 1489 may be served in the judicial district in which such person resides or conducts business or wherever such person may be found.

Section 1489(f) will require any hearings under section 1489 to be held within the judicial district where such person is an inhabitant or has a principal place of business.

Section 1490—Initial referendum

Section 1490(a) will require the Secretary, not later than 2 years after the date on which the Secretary first issues an order under section 1484(a), to conduct an initial referendum among producers, producer-handlers, and importers who—

(1) are not exempt from assessment under section 1485(d)(5); and

(2) produced or imported limes during a representative period as determined by the Secretary.

Section 1490(b) will declare that the purpose of the referendum referred to in section 1490(a) is to determine whether the issuance of the order is approved or favored by not less than a majority of

the producers, producer-handlers, and importers voting in the referendum. Section 1490(b) will also require that the order will continue in effect only upon the affirmative vote of such a majority.

Section 1490(c) will require that the ballots and other information or reports that reveal, or tend to reveal, the vote of any person under this section, or section 1491, to be held strictly confidential and not be disclosed.

Section 1490(d)(1) will require that 10 percent of the assessments collected from producers, producer-handlers, and importers prior to announcement of the results of the referendum provided for in section 1490 to be held in an escrow account until the results of the referendum are published by the Secretary.

Section 1490(d)(2) will require the funds in the escrow account to be released to be used for the purposes of part 5, if the order is approved by a majority of the producers, producer-handlers, and importers voting in the initial referendum under section 1490(a).

Section 1490(d)(3)(A) will require the Board to prorate the amount of refunds available under section 1490 among all eligible producers, producer-handlers, or importers who demand such refund, if—

(i) the amount in the escrow account required by section 1490(d)(1) is not sufficient to refund the total amount of assessments demanded by producers, producer-handlers, or importers; and

(ii) the plan is not approved pursuant to the referendum conducted under section 1490(a).

Section 1490(d)(3)(B) will require that a producer, producer-handler, or importer be eligible to receive a refund—

(i) if demand is made personally, in accordance with regulations and on a form and within a time period prescribed by the Board, but in no event less than 90 days after the date of publication of the results of the referendum; and

(ii) on submission of proof satisfactory to the Board that the person paid the assessment for which refund is sought and did not collect the assessment from another person.

Section 1490(d)(3)(C) will require any surplus funds not refunded under section 1490(d)(3) to be released to be used to carry out part 5 of the bill.

Section 1491—Suspension and termination

Section 1491(a) will require the Secretary to terminate or suspend the operation of an order issued under section 1484(a), or a provision of such order, if the Secretary finds that such order or provision obstructs or does not tend to effectuate the purposes of part 5.

Section 1491(b) will authorize the Secretary to periodically conduct a referendum to determine if lime producers, producer-handlers, and importers favor the continuation, termination, or suspension of any order issued under section 1484(a) and in effect at the time of such referendum.

Section 1491(c) will require the Secretary to hold a referendum under section 1491(b)—

(1) at the request of the Board; or

(2) if not less than 10 percent of the lime producers, producer-handlers, and importers subject to assessment under part 5 of the bill submit a petition requesting such a referendum.

Section 1491(d) will provide that the termination or suspension of any order, or any provision thereof, may not be considered an order within the meaning of part 5.

Section 1491(e) will require the Secretary to suspend or terminate the order at the end of the marketing year if the Secretary determines that—

(1) the suspension or termination of the order is favored by not less than a majority of those persons voting in a referendum under section 1491(b); and

(2) the producers, producer-handlers, and importers comprising this majority produce and import more than 50 percent of the volume of limes produced and imported by those voting in the referendum.

Section 1492—Authorization of appropriations

Section 1492(a) will authorize to be appropriated for each fiscal year such funds as are necessary to carry out part 5 of the bill.

Section 1492(b) will provide that funds appropriated to carry out part 5 may not be available for payment of the expenses or expenditures of the Board in administering any provisions of an order issued under part 5 of the bill.

Section 1493—Regulations

Section 1493 will authorize the Secretary to issue such regulations as are necessary to carry out part 5 of title XIV of the bill.

Title XV—State and Private Forestry

Section 1501—Firefighting preparedness and mobilization assistance

Section 1501(a) amends section 7(b) of the Cooperative Forestry Assistance Act of 1978 (hereinafter referred to as "CFAA") (16 U.S.C. 2106(b)) by adding a new paragraph (4) which authorizes the Secretary to provide financial, technical, and related assistance to State foresters or equivalent State officials and through them to other agencies and individuals, including rural volunteer fire departments, to conduct preparedness and mobilization activities to respond to requests for fire suppression assistance.

Section 1501(b) amends section 7(e) of CFAA by adding a new paragraph which authorizes $40,000,000 appropriated for each fiscal year to carry out subsection (b)(4), allocated as follows:

(1) $20,000,000 is available only for agencies administered by State foresters or equivalent State officials, and through them to other agencies and individuals, to enhance their firefighting capability and conduct mobilization activities, of which not less than $100,000 is made available to each State; and

(2) $20,000,000 is available only for rural volunteer fire departments to conduct activities pursuant to subsection (b)(4).

Section 1501(b) limits the Federal share of any activity of a State or rural volunteer fire department carried out with funds made available pursuant to the new paragraph (2) to no more than 50 percent of the cost of the activity, on a matching basis and allows

the non-Federal share to be in the form of cash, services, or in-kind contributions, fairly valued.

Section 1501(c) defines, for the purposes of CFAA, the terms "rural volunteer fire department" and "mobilization".

Section 1502—Insect control

Section 1502 requires the Secretary, subject to appropriations and to subsections (c) and (e), to provide cost-share assistance to State foresters or equivalent officials of States, subdivisions of States, or other entities on non-Federal lands (cooperators), who have established an acceptable integrated pest management strategy, as determined by the Secretary, that prevents, retards, controls, or suppresses incipient, potential, or emergency gypsy moth, southern pine beetle, or spruce budworm infestations in an amount no less than 50% nor greater than 75% of the cost of such activity. The new subsection (h) would also direct the Secretary to assist, upon request, in the development of such a strategy which includes alternative biological, chemical, and mechanical measures.

Section 1502 also adds a new subsection (i) which would authorize $10,000,000 to be appropriated annually to implement the new subsection (h).

Section 1503—Disaster assistance

Section 1503 authorizes the Secretary, subject to appropriations, to provide assistance under this section to eligible landowners that suffer destruction of 35 percent or more of a tree stand due to damaging weather, related conditions or wildfire in the form of either reimbursement of up to 65 percent of the cost of reestablishing such damaged tree stand for losses in excess of 35 percent mortality or provision of sufficient tree seedlings, as determined by the Secretary, to reestablish such tree stand.

Section 1503(c) limits the amount of assistance which any person could receive under this section to no more than $25,000, or an equivalent value in tree seedlings and directs the Secretary, for the purpose of implementing this section, to issue regulations defining the term "person" in accordance with regulations issued under section 1001 of the Food Security Act of 1985, prescribing a fair and reasonable application of the limitations established under this subsection, and ensuring that no person would receive duplicative payments under this section and the Forestry Incentives Program, Agricultural Conservation Program, or other existing Federal program. In addition, a person who has qualifying gross revenues in excess of $2,000,000 annually, as determined by the Secretary, shall not be eligible to receive assistance.

Section 1503(d) defines for the purposes of the section the term "eligible landowners" to mean a person that produces annual crops from trees for commercial purposes and owns five hundred acres or less of such trees or owns one thousand acres or less of private forest land, and also defines the term "qualifying gross revenue".

Section 1504—Research and utilization

Section 1504(a) amends section 3(a) of the Forest and Rangeland Renewable Resources Research Act of 1978 (16 U.S.C. 1642) (FRRRRA) to authorize the Secretary to conduct, support, and co-

operate in research on mechanisms for encouraging improved reforestation of forest lands from which timber has been harvested. Section 1504(a) also amends section 3(b) of FRRRRA to authorize the Secretary to develop and implement improved methods of survey and analysis of forest inventory information, and authorizes $10,000,000 to be appropriated annually for such development and implementation. Section 1504(a) further amends section 3 of FRRRRA by adding a new subsection (d) which authorizes the Secretary to conduct, support, and cooperate in studies and other activities the Secretary deems necessary to evaluate renewable resource management problems associated with urban-forest interface, to assess effects of changes in Federal revenue codes on private forest management and investment, and to develop improved delivery systems for information and technical assistance provided to private landowners.

Section 1504(b) amends FRRRRA by adding a new section 10 which authorizes the Secretary to conduct, support, and cooperate in an expanded wood fiber recycling research program, including the acquisition of necessary equipment, and would direct the Secretary to make every effort to ensure that the program includes the cooperation and support of private industry, and that program goals include the application of such research to industry and consumer needs. The new section 10 also authorizes $10,000,000 to be appropriated annually to implement section 10 for the five-year period beginning on the date of enactment.

Section 1504(c) authorizes the Secretary to continue the Modern Timber Bridge Initiative to provide Federal funds, on a cost-share basis as determined by the Secretary, for the construction of demonstration bridges, modern bridge technology transfer projects, and conferences.

Section 1504(d) directs the Secretary to submit a report to the House Committee on Agriculture and the Senate Committee on Agriculture, Nutrition, and Forestry that responds to the recommendations contained in the report of the National Research Council entitled, "Forestry Research: A Mandate for Change". The report is to be submitted within six months after the date of enactment.

Elements of the report are to include:

(1) an assessment of the capability of current forestry research programs to address research areas specified in the report, including research on ecosystem functions and management;

(2) an evaluation of alternatives to current organizational frameworks for providing guidance to forestry research programs and establishing research priorities; and

(3) recommendations for changes in current forestry research programs, including funding needs.

Section 1504(e) authorizes $5,000,000 to be appropriated annually to carry out section 1504.

Section 5—Forest Reserve Program

Section 1505 authorizes the Secretary to establish a Forest Reserve Program (Program) in cooperation with State and political subdivisions for the purpose of protecting environmentally-sensitive forest lands that are threatened by conversion to an alternative

use the creation and administration of easements purchased from willing sellers of forest lands.

Section 1505(c) directs the Secretary to establish four pilot projects to meet the goals and requirements of this section for the Program not later than 1 year after the date of enactment.

Section 1505(d) directs the Secretary to establish eligibility criteria for the inclusion of forest lands threatened by conversion to nonforest uses in the Program and to give priority to forest lands that are threatened by development, have unique scenic character or contain threatened or endangered species.

Section 1505(e) requires the owner of forest lands, in order to be eligible to enter forest lands in the Program, to prepare and submit through the State forester or equivalent State official, an application at such time, in such form, and containing such information as the Secretary requires.

Section 1505(f) directs the Secretary to determine the eligibility of forest lands for inclusion within the Program in consultation with the State forester or equivalent State official and other appropriate State natural resource management agencies.

Section 1505(g) establishes the terms of an easement acquired in accordance with the Program and requires that the landowner manage such forest lands and conduct any timber harvesting of such lands in a manner that is consistent with a forest reserve plan approved by the Secretary, and not convert the forest land to other uses for the life of the interest acquired by the Secretary. Hunting, fishing, and similar recreational leases are not to be considered inconsistent with the purposes of the Program.

Section 1505(h) directs the Secretary to provide compensation to the landowner for the interest in land acquired by the Secretary at such rate and schedule as is determined to be appropriate, in consultation with the State forester or equivalent State official. The determination is to be based on:

(1) the real estate value of the land;

(2) the ecological and scenic value of the land;

(3) the degree of threat of loss of the land;

(4) the income potential anticipated from use of the land; and

(5) any other criteria determined to be appropriate by the Secretary. Payments are to be made in either lump-sum or periodically, based upon the terms of the easement.

Section 1505(i) clarifies the conditions under which the easement held by United States cannot be limited.

Section 1506—Forest land protection studies

Section 1506(a) authorizes the Secretary to continue support for the study of changing land ownership and management patterns in the northern forest lands of Maine, New Hampshire, Vermont, and New York.

Section 1506(b) authorizes the Secretary to conduct a study of the region known as the New York-New Jersey Highlands, located in the States of New York, New Jersey, and Pennsylvania, including the Sterling Forest in Orange County, New York.

Section 1506(c) directs the Secretary to include in the study authorized under section 1506(b) an identification and assessment of

the physiographic boundaries of the region referred to in section 1506(b), the forest resources of the region (including but not limited to timber and other forest products, fish and wildlife, lakes and rivers, and recreation), historical land ownership patterns in the region and projected future land ownership, management, and use, including future recreational demands and deficits and the potential economic benefits of recreation to the region, the likely impacts of the changes in land and resource ownership, management, and use of traditional land use patterns in the region, including economic stability and employment, public use of private lands, natural integrity, and local culture and quality of life, and alternative conservation strategies to protect the long-term integrity and traditional uses of lands within the region.

Section 1506(d) requires the Secretary, in carrying out the study in accordance with section 1506(c), to identify and assess alternative conservation strategies which would include a consideration of sustained flow of renewable resources in a combination which meets the present and future needs of society, public access for recreation, protection of fish and wildlife habitat, preservation of biological diversity and critical natural areas, and new local, State, or Federal designations.

Section 1506(e) requires the Secretary to provide an opportunity for public participation in conducting the study under section 1506(b).

Section 1506(f) authorizes to be appropriated such sums as may be necessary to implement this section.

Section 1507—Forest Resources Management Improvement, Stewardship, and Reforestation Program

Section 1507(a) amends section 2 of CFAA by substituting new findings and statements of purpose and policy.

Section 1507(b) amends CFAA by substituting an amended section 3 to provide for rural forestry assistance. The amended section 3(a) would require the Secretary, acting through the appropriate Federal, State and local agencies, and the private sector to establish and implement expanded programs that provide educational and technical assistance to meet the goals of CFAA.

The amended section 3(b) authorizes the Secretary to provide financial, technical, educational, and related assistance to State foresters, State extension directors, and equivalent State officials to enable such officials to provide technical information, advice, and related assistance to private forest land owners and managers, vendors, forest resource operators, forest resource professionals, public agencies and individuals to enable such persons to carry out activities that are consistent with the purposes of CFAA including:

(1) protecting, maintaining, enhancing, and preserving forest lands and the multiple values and uses that depend on such lands;

(2) identifying, protecting, maintaining, enhancing and preserving wildlife and fish species and their habitat;

(3) implementing the latest forest management technologies;

(4) selecting, producing, and marketing alternative forest crops, products and services from forest lands;

(5) protecting forest land from damage caused by fire, insects, disease, and damaging weather;

(6) managing the rural-land and urban-land interface to balance the use of forest resources in and adjacent to urban and community areas;

(7) identifying and managing recreational forest land resources; and

(8) administering the management of resources of forest lands, including the harvesting, processing, and marketing of timber and other forest resources and the marketing and utilization of wood and wood products; the conversion of wood to energy for domestic, industrial, municipal, and other uses; the planning, management, and treatment of forest land, including site preparation, reforestation, thinning, prescribed burning, and other silvicultural activities designed to increase the quantity and improve the quality of timber and other forest resources; ensuring that forest regeneration or reforestation occurs if needed to sustain long-term resource productivity; and protecting fish and wildlife and their habitats.

The amended section 3(c) would authorize the Secretary to provide financial, technical, and related assistance to State foresters, or equivalent State officials, to:

(1) develop genetically improved tree seeds;

(2) procure, produce, and distribute tree seeds and trees for the purpose of establishing forests, windbreaks, shelterbelts, woodlots, and other plantings;

(3) plant tree seeds and trees for the reforestation or afforestation of non-Federal forest lands that are suitable for timber production, recreational use or the generation of other benefits associated with the growing of trees;

(4) plan, organize, and implement measures on non-Federal forest lands, including thinning, prescribed burning, and other silvicultural activities designed to increase the quantity and improve the quality of trees and other vegetation, fish and wildlife habitat, and water yielded therefrom; and

(5) protect or improve soil fertility on non-Federal forest lands and the quality, quantity, and timing of water yields.

The amended section 3(d) would authorize the Secretary, in consultation with the State foresters or equivalent state officials, to cooperate directly with other State and local natural resource agencies and land grant universities in implementing this Act in cases in which the State foresters or equivalent State officials are not able to make fund transfers to other State and local agencies.

The amended section 3(e) would require the Secretary in implementing section 3 to cooperate with other Federal, State, and local natural resources agencies, universities and the private sector.

The amended section 3(f) would authorize to be appropriated such sums as may be necessary to carry out section 3.

Section 1507(c) amends CFAA by substituting an amended section 4 which directs the Secretary, in consultation with State foresters or equivalent State officials, to establish a program, to be known as the "Forest Resources Stewardship Program" (Program), to encourage the development, management, protection, and stewardship of non-industrial private forest lands.

The amended section 4(b) establishes the goal of the Program to be to enroll at least 25,000,000 acres of nonindustrial private forest land in the Program by December 31, 1995.

The amended section 4(c) defines, for the purposes of section 4, the term "private forest land" to mean land capable of producing crops of industrial wood and owned by any private individual, group, Indian tribe or other native group, association, corporation, or other legal entity.

The amended section 4(d) directs the Secretary, in consultation with each State Forester or equivalent State official, to:

(1) establish a State Advisory Committee in accordance with the revised section 10A of the CFAA;

(2) provide financial, technical, and related assistance to State Foresters or equivalent State officials to provide financial assistance to the State and local natural resource entities, for the delivery of information and technical assistance to nonindustrial private forest landowners.

The amended section 4(e) makes eligible for the program all existing private nonindustrial forest lands that are not currently under a forest management plan and private nonindustrial forest lands that are managed under existing Federal, State, or private assistance programs if the landowner agrees to comply with the requirements of the Program or if forest management activities on such forest lands are expanded or enhance to meet the requirements of the CFAA, as amended.

The new section 4(f) describes the duties of owners who enter forest land into the Program and requires that such landowners prepare and submit to the State forester or equivalent State official a forest resources stewardship plan that:

(1) is prepared by a professional resource manager;

(2) identifies and describes actions to be taken by the landowner affecting the natural resources of such land; and

(3) is approved by the State forester or equivalent State official in accordance with Federal and State law, and agree that all activities conducted on the land be in accordance with the stewardship plan.

The amended section 4(g) directs the Secretary to encourage the use of private agencies, consultants, organizations, and firms for preparing plans and implementing approved activities.

The new section 4(h) directs the Secretary, in consultation with State foresters and equivalent State officials, to develop an appropriate recognition program for landowners who practice stewardship on their lands.

Section 4(i) of CFAA, as amended, authorizes $20,000,000 to be appropriated each of the fiscal years 1991 through 1995 to carry out Section 4.

Section 1507(d) amends the CFAA to establish a new Section 4A which authorizes the Secretary to develop and implement a Stewardship Incentive Program (SIP) to provide cost share assistance for tree planting and other forest management activities pursuant to approved stewardship plans prepared in accordance with Section 4 of the CFAA, as amended.

Section 4A(b) of the amended CFAA establishes eligibility criteria for cost sharing assistance under the SIP to be available for owners of existing private nonindustrial forest lands that—

(1) have developed an approved stewardship plan;

(2) agree to implement approved activities pursuant to the new Section 4A(d) for a period of not less than 10 years unless the State Forester or equivalent State official approves a modification to the plan; and

(3) own not more that 1,000 acres of private forest land, except that the Secretary may provide assistance to owners of more that 1,000 acres, but not more that 5,000 acres, if the Secretary determines that significant public benefits will accrue.

The new Section 4A(c) authorizes the Secretary, in consultation with the State forester or equivalent State official and the Advisory Board established in accordance with the new Section 10A of the CFAA, to recommend State priorities for cost-sharing in that State.

The new Section 4A(d) directs the Secretary, in consultation with the Advisory Board, to develop a list of approved forest management activities that will be eligible for cost-share in that State.

Section 4A(e) of the CFAA, as amended, authorizes the Secretary to cost-share for approved forest management activities, at a rate and according to a schedule developed in accordance with the State Forester, or equivalent State official, in an amount not to exceed 75 percent of the total cost to the landowner of developing and implementing the stewardship plan.

The new Section 4A(f) directs the Secretary to establish and implement a mechanism to recapture funds provided to landowners who terminate any approved practice required by the stewardship plan.

Section 4A(g) directs the Secretary to distribute funds available for cost sharing among the States after assessing the public benefit incident to such distribution and giving consideration to—

(1) the acreage of private forest land in each State;

(2) the potential productivity of such land;

(3) the number of owners of such land eligible for cost sharing in each State;

(4) the need for reforestation in each State;

(5) the opportunities to enhance non-timber forest resources on such forest lands;

(6) and the anticipated demand for timber and non-timber resources in each state.

The amended section 4(h) would authorize the Secretary to use the authorities provided in sections 1001, 1002, 1004, and 1008 of the Agricultural Act of 1970, as added by the Agriculture and Consumer Protection Act of 1973, in implementing this section.

The amended section 4(i) would authorize $100,000,000 to be appropriated for each of the fiscal years 1991 through 1995 to carry out section 4A.

Section 1507(e) amends the CFAA to establish a new Section 10A to direct the Secretary to establish an intra-departmental committee—the State and Private Forestry Coordinating Committee—to coordinate forestry activities associated with the implementation of the CFAA, as amended.

The coordinating committee is to be composed of representatives of the Agricultural Research Service, Agricultural Stabilization and Conservation Service, Extension Service, Forest Service, and Soil Conservation Service, and chaired by the Chief of the Forest Service. Duties of the coordinating committee shall be to—

(1) provide assistance in directing and coordinating actions of the Department related to the protection and management of forest lands;

(2) clarify individual agency responsibilities concerning forest land; and

(3) advise the Secretary to mediate and facilitate intradepartmental differences regarding the implementation of the CFAA, as amended, and any other Act related to the authority of the Secretary concerning non-Federal forest lands.

In accordance with the new Section 10A(b), the Secretary, in consultation with the State forester or equivalent State official, shall establish a Forest Resources Stewardship Advisory Committee (State Advisory Committee) for each such State. The Advisory Committee is to be chaired and administered by the State Forester, or equivalent State official, and is to be composed of, to the extent practicable, representatives from the Forest Service, Soil Conservation Service, Agricultural Stabilization and Conservation Service, and Extension Service, representatives appointed by the State forester, of forestry interests including individuals that are representative of local government, the forest products industry, forest land owners, conservation organizations, and the State fish and wildlife agency, and any other individuals determined appropriate by the Secretary. The members of the Advisory Committee serve 3-year terms, with the initial members serving staggered terms as determined by the State forester, and could be reappointed for consecutive terms. Existing State forestry committees could be used to compliment, formulate, or replace the Advisory Committees to avoid duplication of efforts if such existing committees are made up of membership that is similar. The duties of the Advisory Committee are to consult with other Department of Agriculture and State committees that address State and private forestry issues, to make recommendations to the Secretary concerning the assignment of priorities and the coordination of responsibilities for the implementation of this Act by the various Federal and State forest management agencies that take into consideration the mandates of each such agency, and to make recommendations to the Secretary concerning the development of approved activities pursuant to section 4A.

Section 1508—Urban and community forestry

Section 1508(a) provides findings of Congress.

Section 1508(b) enumerates the purposes of section 1508.

Section 1508(c) amends section 6 of CFAA by adding new subsections (c) through (g). The new section 6(c) directs the Secretary, in cooperation with State foresters and State extension agents or equivalent State officials, to implement a program of education and technical assistance for urban forest resources. The program shall be designed to—

(1) assist urban areas and communities in conducting inventories of their forest resources, including inventories of the species, number, location, and health of trees in urban areas and communities, and the status of related resources (including fish and wildlife habitat, water resources, and trails);

(2) to assist State and local organizations (including community associations and schools) in organizing and conducting urban and community forestry projects and programs;

(3) to assist in the development of State and local management plans for trees and associated resources in urban areas and communities; to provide for proper tree planting, maintenance, and protection in urban areas and communities;to protect individual trees and preserve existing open spaces with or without tree cover; and identify opportunities for expanding tree cover in urban areas and communities;

(4) assist in the development of State and local management plans for trees and associated resources in urban areas and communities; and

(5) increase public understanding of the economic, social, environmental, and psychological values of trees and open space in urban and community environments and expand knowledge of the ecological relationships and benefits of trees and related resources in these environments.

The new section 6(d) directs the Secretary, in cooperation with State foresters or equivalent State officials, to assist in identifying sources of plant materials and would authorize the Secretary to procure or otherwise obtain such materials from public or private sources and to make such plant materials available to urban areas and communities for the purpose of reforesting open spaces, replacing dead and dying urban trees, and expanding tree cover in urban areas and communities.

The new section 6(e) directs the Secretary to establish an urban and community forestry challenge cost share program (program) to provide funds or other support to eligible communities and organizations, on a competitive basis, for urban and community forestry projects, and to annually make awards under the program in accordance with criteria developed in consultation with, and after consideration of recommendations received from, the National Urban and Community Forestry Advisory Council established under section 6(f), and consistent with the cost share requirements of this section.

The new section 6(e) would also limit the Federal share of support provided under this subsection for a project to no more than 50 percent of the support for that project, would provide such support on a matching basis, and would authorize the non-Federal share of such support to be in the form of cash, services, or in-kind contributions, fairly valued.

The new section 6(f) would direct the Secretary to establish a National Urban and Community Forestry Advisory Council for the purpose of developing a national urban and community forestry action plan, evaluating the implementation of that plan, and developing criteria for, and submitting recommendations with respect to, the urban and community forestry challenge cost share pro-

gram under section 6(e). The Council would be composed of 15 members appointed by the Secretary, as follows:

(1) 2 members representing national nonprofit forestry and conservation citizen organizations;

(2) 3 members, 1 each representing State, county, and city and town governments;

(3) 1 member representing the forest products, nursery, or related industries;

(4) 1 member representing urban forestry, landscape, or design consultants;

(5) 2 members representing academic institutions with an expertise in urban and community forestry activities;

(6) 1 member representing State forestry agencies or an equivalent State agency;

(7) 1 member representing a professional renewable natural resource or arboriculture society;

(8) 1 member from the Extension Service;

(9) 1 member from the Forest Service; and

(10) 2 members who are not officers or employees of any governmental body, 1 of whom is a resident of a community with a population of less than 50,000 as of the most recent census and both of whom have expertise and have been active in urban and community forestry.

The new section 6(f) also provides procedures for the filling of vacancies and selection of a chairperson, sets limitations on compensation, and establishes the duration of terms of service for the various members appointed to the Council.

The new section 6(f) would require the Council, within 1 year after the date of enactment of this section and every 10 years thereafter, to prepare a National Urban and Community Forestry Action Plan (Plan) which would include (but not be limited to) an assessment of the current status of urban forest resources in the United States; a review of urban and community forestry programs and activities in the United States, including education and technical assistance activities conducted by the Forest Service, Extension Service, and other Federal agencies, the State forestry organizations, private industry, private nonprofit organizations, community and civic organizations and interested others; recommendations for improving the status of the Nation's urban and community forest resources, including education and technical assistance and modifications required in existing programs and policies of relevant Federal agencies; a review of ongoing urban and community forestry research, including recommendations for new and expanded research efforts and a summary of research priorities and estimate of the funding needed; proposed criteria for evaluating proposed projects under the urban and community forestry challenge cost share program under subsection (e), with special emphasis given to projects that would demonstrate the benefits of improved forest management (including the maintenance and establishment of forest cover and trees) in urban areas and communities; and an estimate of the resources needed to implement the plan for the succeeding 10 fiscal years.

The new section 6(f) would require the Council to submit the plan to the Secretary and the Congress upon its completion and, to

submit a review of the plan to the Secretary no later than December 31 of the year after the plan is submitted and annually thereafter. The review would consist of the Council's assessment of prior year accomplishments in research, education, technical assistance, and related activities in urban and community forestry, the Council's recommendations for research, education, technical assistance, and related activities in the succeeding year, and the Council's recommendations for the urban and community forestry challenge cost share projects to be funded during the succeeding year, and the review would be incorporated into the annual report of the Forest Service to the Congress under the Forest and Rangeland Renewable Resources Planning Act of 1974.

The new section 6(f) would also authorize the Secretary, upon request of the Council, to detail on a reimbursable basis any of the personnel of the Department of Agriculture to the Council to assist the Council in carrying out its duties, and would exclude the Council from application of the Federal Advisory Committee Act.

The new section 6(g) would define, for the purposes of section 6, the term "Council" to mean the National Urban and Community Forestry Advisory Council established under section 6(f), the term "plan" to mean the National Urban and Community Forestry Action Plan developed under section 6(f)(3), and the term "urban and community area" to include cities, their suburbs, and towns.

New section 6(h) authorizes $30,000,000 to be appropriated for each of the fiscal years 1991 through 1995 for the implementation of subsections (c) through (g).

Section 1508(d) would amend section 3(a) of the Renewable Resources Extension Act of 1978 (16 U.S.C. 1672(a)) (RREA) by adding a new paragraph (9) which would direct the Secretary, under conditions prescribed by the Secretary and in cooperation with the State directors of cooperative extension service programs and eligible colleges and universities and with State foresters or equivalent State officials, to increase public understanding of the economic, social, environmental, and psychological values of trees and open space in urban and community area environments and expand knowledge of the ecological relationships and benefits of trees and related resources in urban and community environments.

Section 1508(d) would also amend section 5(a) of RREA and would require the Secretary to include within the Renewable Resources Extension Program prepared pursuant to section 5(a) of RREA a brief outline of the general extension program for urban and community forestry activities.

Section 1509—America the beautiful foundation

Section 1509(a) lists the purpose of section 1509.

Section 15099(b) establishes the America the Beautiful Foundation (Foundation) which would be a private and nonprofit organization and not an agency or establishment of the United States.

Section 1509(c) directs the Foundation to carry out section 1509 in accordance with the purposes stated in section 1509(a).

Section 1509(d) directs the Secretary to ensure that the officers of the Foundation have the experience and expertise necessary to direct the activities of such Foundation and would prohibit the construction of anything in section 1509 to make the Foundation an

agency or instrumentality of the United States Government, or to make officers, employees, or members of the board of directors of the Foundation officers or employees of the United States.

Section 1509(e) authorizes the Secretary, for fiscal year 1991, to make a grant of not to exceed $25,000,000 to the Foundation.

Section 1590(h) allows grants to be made to the Foundation under funds made available pursuant to section 1509(e) to enable the Foundation to carry out the purposes specified in section 1509(a) and for the administrative expenses of the Foundation.

Section 1509(g) authorizes the Foundation, notwithstanding any other provision of law, to hold funds made available pursuant to section 1509(f) in interest-bearing accounts, prior to the disbursement of the funds for purposes specified in section 1509(a), and to retain any interest earned on the accounts to carry out such purposes.

Section 1509(h) allow grants to be made to the Foundation under section 1509 only if the Foundation agrees to comply with the requirements of section 1509 and authorizes the Foundation to use funds provided by section 1509 only for making matching grants to qualified organizations for the implementation of programs and projects that are consistent with the purposes specified in section 1509(a). Section 1509(h) defines "qualified organizations", for the purposes of section 1509, as those organizations that meet the requirements of section 501(c)(3) of the Internal Revenue Code and have demonstrated a capability to provide at least one-half of the total cost of the project or program for which the Foundation funds will be used.

Section 1509(i) prohibits any officer or employee of the Foundation from receiving any salary or other compensation for services rendered to the Foundation from any source other than the Foundation.

Section 1509(j) prohibits the Foundation from issuing any shares of stock or declaring or paying any dividends.

Section 1509(k) prohibits any part of the funds of the Foundation from inuring to the benefit of any board member, officer, or employee of the Foundation, except as salary or reasonable compensation for services or expenses and would limit compensation for board members to reimbursement for reasonable costs of travel and expenses. Section 1509(k) also prohibits any director, officer, or employee of the Foundation from participating, directly or indirectly, in the consideration or determination of any question before the Foundation affecting the financial interests of the director, officer, or employee or affecting the interests of any corporation, partnership, entity, or organization in which such director, officer, or employee is an officer, director, or trustee or has any direct or indirect financial interest.

Section 1509(l) prohibits any officer or employee of the Foundation from engaging in lobbying or propaganda for the purpose of influencing legislation.

Section 1509(m) requires the Foundation to ensure that each recipient of assistance provided through the Foundation under section 1509 maintains, for at least 5 years after the receipt of the assistance, separate accounts with respect to the assistance and such records as may be reasonably necessary to disclose fully the

amount and the disposition by the recipient of the proceeds of the assistance, the total cost of the project or undertaking in connection with which the assistance is given or used, the amount and nature of that portion of the cost of the project or undertaking supplied by other sources, and such other records as would facilitate an effective audit. Section 1509(m) also requires the Foundation to ensure that the Foundation and any duly authorized representative of the Foundation would have access, for the purpose of audit and examination, to any books, documents, papers, and records of the recipient that are pertinent to assistance provided through the Foundation under section 1509.

Section 1509(n) requires an annual audit, for the fiscal year in which the Foundation receives the grant awarded under section 1509(e), and for the succeeding 5 fiscal years, of the accounts of the Foundation in accordance with generally accepted auditing standards by an independent certified public accountant or an independent licensed public accountant certified or licensed by a regulatory authority of a State or other political subdivision of the United States. The report of each such independent audit would be required to be included in the annual report required by section 1509(o).

Section 1509(n) would also authorize an audit of the financial transactions undertaken pursuant to section 1509 by the Foundation by any agency designated by the President for the fiscal year in the which the Foundation receives the grant awarded under section 1509(f), and for the succeeding 5 fiscal years.

Section 1509(o) would require the Foundation, not later than 3 months after the conclusion of each fiscal year, to publish an annual report that includes a comprehensive and detailed report of the operations, activities, financial condition, and accomplishments of the Foundation under section 1509 during the fiscal year, and would terminate the obligation of the Foundation to publish such annual reports after publication of the report incorporating the findings of the final audit required by section 1509(n).

Section 1509(p) provides that trees planted pursuant to a program receiving funds under section 1509 may not be commercially harvested and sold for Christmas trees.

The intent of this amendment is to eliminate the possibility of external market disruptions occurring to the commercial Christmas tree industry. As other commodities are very sensitive to shifts in the market, so are Christmas trees. Allowing shifts to occur outside governmental intervention are the result of normal market conditions. However, when the Federal Government provides assistance to certain individuals, so that they may have an advantage over others is not a normal, fair-market practice.

In the State of Michigan, large quantities of Christmas trees are harvested and sold. These trees are sent all over the country through commercial channels for sale during the Christmas season. The amount of trees sold and revenues generated from their sale is restricted by a narrow market period. Permitting an external variable into the short, fragile Christmas tree market would severely cripple the industry in Michigan.

Section 1510—Presidential Commission on State and Private Forests

Section 1510(a) directs the President to establish a Commission of State and Private Forests (Commission) which shall assess the status of the nation's state and private forest lands, the problems affecting these lands, and the potential contribution of these lands to the nation's renewable natural resource needs associated with their improved management and protection.

Section 1510(b) describes the composition of the Commission, to consist of 15 members, appointed by the President. Members are to include Federal, State, and local officials, timber industry representatives, nonindustrial private forest landowners, conservationists and community leaders. No more than 5 members are to come from any one State and not fewer than 20 are to come from a list of nominations provided by Members of Congress, including:

(1) the chairman of the Committee on Agriculture of the House of Representatives;

(2) the ranking minority member of the Committee on Agriculture of the House of Representatives;

(3) the chairman of the Committee on Agriculture, Nutrition, and Forestry of the Senate; and

(4) the ranking minority member of the Committee on Agriculture, Nutrition, and Forestry of the Senate.

Section 1510(c) directs that vacancies be filled by appointment by the President.

Section 1510(d) directs the Commission to elect a chairperson from among the members of the Commission by majority vote.

Section 1510(e) directs that the Commission meet at the call of the chairperson or a majority of the members.

Section 1510(f) directs the Commission to conduct a study to include:

(1) an assessment of the current status of the nation's state and private forest lands, including ownership status and past and future trends, renewable natural resource inventories, the production timber and non-timber resources from such lands, and landowner attitudes toward the protection and management of these lands;

(2) a review of the problems affecting the nation's state and private forest lands including resource losses to insects, disease, fire, and damaging, inadequate reforestation, fragmentation of the forest land base, and constraints on management options; and

(3) recommendations for addressing the problems and capitalizing on the potential of these lands for contributing to the nation's renewable natural resource needs.

Section 1510(f) further directs the Commission to make findings and develop recommendations for consideration by the President and requires the Commission to submit a report to the President no later than December 1, 1991, which the President will then transmit to the Committee on Agriculture in the House and the Committee on Agriculture, Nutrition, and Forestry in the Senate.

Section 1510(g) describes the operations of the Commission in general and directs the heads of executive agencies, the General Accounting Office, the Office of Technology Assessment, and the

Congressional Budget Office to provide the Commission with such information as it may require to carry out its duties.

Section 1510(g) further stipulates that the Commission members are to serve without compensation, but shall be allowed travel expenses while away from their homes or place of normal business in performance of duties of the Commission.

In addition, to the extent there are sufficient funds available to the Commission, the Commission may appoint and fix compensation for a Director and such additional personnel as the Commission determines necessary to carry out its duties. On the request of the Commission, staff may be provided by the heads of executive agencies and other offices, on a non-reimbursable basis, to assist the Commission in carrying out its duties and functions.

Section 1510(h) authorizes such sums as are necessary to implement this section.

Section 1510(i) provides for termination of the Commission 90 days following the submission of its report to the President.

Section 1511—Blue Mountain Natural Resource Institute

Section 1511(a) states findings related to Section 1511.

Section 1511(b) directs the Secretary to establish a research, development, and application program for the forests and rangelands of the States of Oregon and Washington located east of the Cascade Crest, to be headquartered in La Grande, Oregon. The program is to:

(1) compile and develop basic biological and ecological information to improve forest and rangeland health and vigor;

(2) focus research on joint management and production of timber, wildlife, grazing, fish, water quality, and recreation;

(3) stimulate cooperative research between universities and other Federal and State agencies;

(4) identify and evaluate opportunities to enhance the long-term economic and social benefits derived from the region's forest and rangeland resources in concert with county and regional economic strategies;

(5) convert research results into applied technology;

(6) develop technology to guide intensive multi-resource management and policy decisions for sustaining long-term productivity and ecological values;

(7) develop new technologies that will enable forest and range managers to maximize multi-resource benefits and minimize the hazards of fire, insect, and disease outbreaks;

(8) develop forest management practices appropriate to the wildland-urban interface for use by landowners and managers;

(9) demonstrate the application of technology and resource knowledge on specific management areas; and

(10) establish mutually beneficial relations with the public to inform them regarding research and technology development and new management direction and to obtain feedback.

Section 1511(c) directs the Secretary to establish and carry out the program in consultation and cooperation with Federal, State, and local agencies, universities, and the private sector. In addition, the Secretary is directed to establish an advisory committee to assist in formulating plans for implementation.

Section 1512—International Forest Resources Institute

Section 1512(a) directs the Secretary to establish an International Forest Resources Institute (Institute) to be operated by the State University of New York College of Environmental Science and Forestry.

Section 1512(b) describes the mission of the Institute established in Section 1512(a).

Section 1512(c) directs that the Institute be comprised of the State University of New York College of Environmental Science and Forestry.

Section 1512(d) directs the Institute to—

(1) emphasize application of existing knowledge to the manufacturing and international marketing of forest products as well as conduct new research related to the competitiveness of the northeastern forest products industry;

(2) study and evaluate domestic and international forest sector, agroforestry, development, economic, and trade policies;

(3) design, analyze and test technologically appropriate manufacturing, processing, and marketing systems which enhance opportunities for markets in forest products;

(4) formulate and test management strategies for United States forests and for manufacturing facilities that promote rational use, and long term maintenance, of globally important forests; and

(5) design and analyze specific policies for critically important forests in the world with respect to forest sector, agricultural, developmental, and economic policies.

Section 1512(e) authorizes such sums as may be necessary to carry out Section 1512.

Section 1513—Semiarid Agroforestry Research Center

Section 1513(a) directs the Secretary to establish at the Forestry Sciences Laboratory of the United States Forest Service, in Lincoln, Nebraska, a Semiarid Agroforestry Research, Development, and Demonstration Center (hereafter referred to in this section as the "Center") and to appoint a Director to manage and coordinate the program established at the Center under section 1513(b).

Section 1513(b) directs the Secretary to establish a program at the Center and seek the participation of Federal or State governmental entities, land-grant colleges or universities, State agricultural experiment stations, State and private foresters, National Arbor Day Foundation, and other nonprofit foundations in such program to conduct or assist research, investigations, studies, and surveys to—

(1) develop sustainable agroforestry systems on semiarid lands that minimize topsoil loss and water contamination, and stabilize or enhance crop productivity;

(2) adapt, demonstrate, document, and model the effectiveness of agroforestry systems under different farming systems and soil or climate conditions;

(3) develop dual use of agroforestry systems compatible with sections 1513(b)(1) and (2) that would provide high-value forestry products for commercial sale from semiarid land;

(4) develop and improve the drought and pest resistance characteristics of trees for conservation forestry and agroforestry applications in semiarid regions, including the introduction and breeding of trees suited for the Great Plains region of the United States;

(5) develop technology transfer programs that increase farmer and public acceptance of sustainable agroforestry systems; and

(6) develop improved windbreak and shelterbelt technologies for drought preparedness, soil and water conservation, environmental quality, and biological diversity on semiarid lands.

Section 1513(c) directs the Secretary to establish at the Center a program to be known as the National Clearinghouse on Agroforestry Conservation and Promotion to—

(1) collect, analyze, and disseminate information on agroforestry conservation technologies and practices; and

(2) promote the use of such information by landowners and those organizations associated with forestry and tree promotions.

Section 1513(d) authorizes to be appropriated such sums as are necessary to carry out this section 1513.

TITLE XVI—CONSERVATION

Section 1601—Modification of Highly Erodible Land Program

Section 1601(a) amends the conservation compliance and sodbuster provisions by extending the applicability of these provisions to set aside, diverted, or conserving use acreage, and extends the enforcement provisions to include a loss of eligibility for—

(1) disaster assistance payments for the reestablishment of trees lost due to damaging weather;

(2) Agricultural Conservation Program payments;

(3) Emergency Conservation Program payments;

(4) Conservation Reserve Program payments;

(5) Wetland and Environmental Easement Program payments;

(6) Natural Resource loans; and

(7) funds under the small Watersheds Program.

Section 1601(b) adds a provision to require at least a 50 percent reduction in erosion from the level that would occur if conservation measures were not applied for the approval of any initial or revised plan, unless the Secretary determines such level of reduction is not feasible.

The Committee intends that the 50 percent measure should serve as a minimal standard for evaluating all future conservation plans and revision to existing plans. Furthermore, the Committee intends that in administering the conservation compliance provisions in section 1212 of the Food Security Act of 1985, the Department of Agriculture should not arbitrarily impose more restrictive erosion reduction requirements for a conservation plan of a producer than the requirements that were in effect on January 1, 1990.

Section 1601(c) makes technical and conforming changes to section 1212 of the Act, adds a provision to exempt a person from a complete loss of benefits for any action or inaction associated with

applying a conservation plan that is minor or inadvertent if that person has made a good faith effort to comply with the section, as determined by the Secretary. In such instances, the Secretary may reduce the benefits for the person by an equitable amount in light of the degree of non-compliance of the action and shall require the person to come into compliance as soon as practicable.

Section 1601(d) also adds a provision to authorize the Secretary to limit the ineligibility of a tenant to benefits associated with the farm which is the basis for the ineligibility determination if—

(1) the tenant establishes that the tenant has made a good faith effort to meet the requirements of section 1212, including enlisting the assistance of the Secretary to create a conservation plan for such farm; and the landlord or other tenant on the farm refuses to comply with the plan; and

(2) the Secretary determines that the lack of compliance is not a part of a scheme or device to avoid compliance. Section 1601(d) also requires the Secretary to provide an annual report to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate concerning the ineligibility determinations limited during the previous 12-month period under the new section 1212(d).

However, the Secretary should apply this provision only if the affected tenant can establish that he or she has made a good faith effort to comply with existing conservation requirements and that the lack of compliance is not part of an effort to circumvent conservation compliance requirements.

Section 1602—Modification of Wetland Program

Section 1602(a) restates the definition of "wetland".

The Committee recognizes that there has been considerable confusion and controversy generated by attempts to apply the provisions of Subtitle C of Title XII of the Food Security Act of 1985. Section 1602(a) of H.R. 3950, while restating the three characteristics that apply to a wetland, is not intended to indicate a change, in any way, of the Committee's intent in passing the original provision.

Wetland possess three essential characteristics: (1) hydrophytic vegetation, (2) hydric soils, and (3) wetland hydrology, which is the driving force creating all wetland. The Committee intends that the three criteria for identifying the specific characteristics of a wetland must all be met for an area to be identified as wetland for the purposes of this section. Wetland generally include swamps, marshes, bogs, prairie potholes, and other similar areas.

The Committee's intent continues to be that an agricultural area cannot be designated a wetland on the basis of a single characteristic (e.g., the predominance of hydric soils). All three criteria must be satisfied in order for an area to be designated a wetland. The Committee does not intend that designation be made solely on the basis of the existence of a single characteristic. All three characteristics must be present to arrive at a wetland designation, unless interrupted by temporary weather conditions or if hydrophytic vegetation has been removed by farming or ranching practices.

When evaluating agricultural land to determine the presence or absence of wetland, the Committee recognizes that agricultural lands are disturbed areas and must be viewed in that context. Cropping practices that can result in the removal of hydrophytic vegetation, or other conditions such as temporary drought or excessive moisture, can complicate the process of identifying wetland.

The Committee also reaffirms that unconverted wetland acreage continue to be farmed without penalty, when conditions permit, and so long as the producer does not drain, dredge, fill, or level the farmed wetland so as to cause its conversion.

The Committee recognizes that a farmed wetland will often not exhibit hydrophytic vegetation, since the act of cultivation will frequently remove such vegetation. In that regard, the Committee intends the term "under normal circumstances" to mean that a prevalence of hydrophytic vegetation must be present to allow a wetland designation unless such vegetation has been removed or if disturbed by farming, ranching, or related activities, or eliminated as the result of unusual natural events and determination made that hydrophytic vegetation had been present but for the disturbance.

In Section 1602(a), the Committee intends that the term "prevalence of hydrophytic vegetation" refers to a condition in which, "under normal circumstances", a majority of the plant life species present require saturated or inundated soil conditions, as well as those that can tolerate saturated or inundated soil conditions but are capable of surviving in upland areas.

The Committee further intends that the term "frequency and duration" of inundation or saturation required in the definition of the term "wetland" means that permanent or periodic inundation, or soil saturation to the surface, exists during a significant portion of the growing season conforming the hydrology of the area to the wetland definition and that this condition occurs in years of normal precipitation. Such condition may also exist seasonally. The Committee does not intend that land subject to infrequent flooding or occasional, brief pooling such as from abnormally heavy rains or unusually heavy snowmelt be construed to meet the hydrological requirements of a wetland.

Section 1602(b) changes the trigger for loss of eligibility for benefits under swampbuster from the production of an agricultural commodity on converted wetland to, in any crop year subsequent to the date of enactment of the Food and Agricultural Resources Act of 1990, the conversion of a wetland for the purpose, or to have the effect, of making the production of an agricultural commodity possible on such converted wetland by draining, dredging, filling, leveling, or any other means.

In changing this trigger, the Committee does not intend to affect, in any way, decisions that have been made previously or are now being made regarding wetland that are exempt from swampbuster determinations in accordance with Section 1222 of the 1985 Act.

Section 1602(b) also expands the list of benefits for which a person may lose eligibility under swampbuster to include:

(1) disaster assistance payments for the establishment of trees lost due to damaging weather;

(2) Agricultural Conservation Program payments;

(3) Emergency Conservation Program payments;

(4) Conservation Reserve Program payments;

(5) Wetland and Environmental Easement Program payment;

(6) Natural Resource loans; and

(7) any funds under the Small Watershed Program.

Section 1602(c) amends section 1222 of the Food Security Act of 1985 which specified the exemptions to swampbuster. Section 1602(c) adds a new subsection (a) that—

(1) directs the Secretary to delineate wetland on a map and to make a reasonable effort to make an on-site wetland determination whenever requested by an owner or operator;

(2) directs the Secretary to provide notice to affected owners or operators, to certify each map as sufficient evidence for the purpose of making determinations of ineligibility for program benefits under section 1221, to provide an opportunity to appeal the delineations to the Secretary prior to the certification, and to conduct an on-site inspection of the subject land prior to rendering a decision on any such appeal;

(3) directs the Secretary to maintain a public listing of all completed certifications;

(4) directs the Secretary to review and certify the accuracy of the mapping of all lands mapped prior to the date of enactment of the Food and Agricultural Resources Act of 1990 for the purpose of wetland delineations to ensure that wetland on such lands have been accurately delineated; and

(5) directs the Secretary to provide by regulation a process for the periodic review and update of wetland delineations and exempts persons from being adversely affected because of having taken an action based on a previous determination by the Secretary.

The Committee intends that the Secretary will take positive steps to make sure that farmers and ranchers are aware of the effects of wetland determinations. The Secretary will notify affected persons of wetland determinations, explain the process by which a determination can be appealed, afford individuals adversely affected an opportunity to appeal wetland delineations before maps are certified, and make such maps public upon completion. The notification shall include an explanation of the effect of the determination on farm program participation. The notice shall explain that wetland usage is also under the jurisdiction of other Federal agencies and that those agencies should be contacted before any change in wetland characteristics is initiated. It is not intended that the Secretary's explanation take the place of needed notifications from other agencies with wetland jurisdiction nor affect their jurisdiction, rather it is intended that the Secretary should provide positive help in spreading the word.

The amended section 1222(b) exempts persons from loss of eligibility under swampbuster—

(1) as the result of the production of an agricultural commodity on converted wetland if the conversion was commenced before December 23, 1985; an artificial lake, pond, or wetland created by excavating or diking non-wetland to collect and retain water for livestock, fish production, irrigation (including subsurface irrigation), a settling basin, cooling, rice production,

or flood control; a wet area created by a water delivery system, irrigation, irrigation system, or application of water for irrigation; or wetland on which the owner or operator of a farm or ranch uses normal cropping or ranching practices to produce agricultural commodities in a manner that is consistent for the area as a result of natural conditions without action by the producer that destroys a natural wetland characteristic; or

(2) for the conversion of an artificial lake, pond, or wetland created by excavating or diking non-wetland to collect and retain water for livestock, fish production, irrigation (including subsurface irrigation), a settling basin, cooling, rice production, or flood control; or a wet area created by a water delivery system, irrigation, an irrigation system, or the application of water for irrigation.

The amended section 1222(c) requires the Secretary to conduct an on-site visit of the subject land prior to withholding any program loans, payments, or benefits from a person under the swampbuster provisions of subtitle C of title XII. However, this requirement does not exempt any producer from having to comply with the wetland protection requirements of the Food Security Act of 1985. The Committee intends that any actions taken by a person to produce an agricultural commodity following enactment, unless specifically exempted, should be considered a violation of swampbuster whether or not an on-site review of the affected lands has yet occurred. The Committee intends that the producer should be subject to sanctions in such case, unless the on-site review reveals an error in the original wetland delineation.

The amended section 1222(d) exempts from the ineligibility provisions of swampbuster, loans made before December 23, 1985.

The amended section 1222(d) exempts from the ineligibility provisions of swampbuster any action by a person upon lands that the Secretary determines do not have a predominance of hydric soils, are not inundated or saturated by surface or groundwater at a frequency and duration sufficient to support a prevalence of hydrophytic vegetation typically adapted for life in saturated soil conditions, or do not, under normal circumstances, support a prevalence of such vegetation.

The Committee intends this to serve as a restatement of the current exemptions under swampbuster and does not intend to change the definition of wetland contained in the Food Security Act of 1985, nor to provide direction related to the definition of wetland that is inconsistent with that which was previously stated in this report. The Committee intends simply to eliminate any doubt as to what was intended in the 1985 Act and is still intended.

The amended section 1222(f) exempts persons from the ineligibility provisions of swampbuster for any action associated with the production of an agricultural commodity on a converted wetland, or the conversion of a wetland, if the Secretary determines that—

(1) the action, individually and in connection with all other similar actions authorized by the Secretary in the area, will have a minimal effect on the functional hydrological and biological value of the wetland, including the value to waterfowl and wildlife; or

(2) the wetland has been frequently cropped prior to the date of the action and the wetland values, acreage, and functions are mitigated by the producer through the restoration of a converted wetland, that was converted prior to December 23, 1985, if the restoration is—

(A) in accordance with a restoration plan;

(B) in advance of, or concurrent with, the action;

(C) not at the expense of the Federal Government;

(D) on not greater than a one for one acreage basis unless more acreage is needed to provide equivalent functions and values that will be lost as a result of the wetland conversion or production;

(E) on lands in the same general area of the local watershed as the converted wetland; and

(F) on lands that the owner has agreed to subject to a perpetual unpaid easement (or an easement for the maximum term allowed by applicable State law) subject to the provisions of section 1282(a).

In order to implement this provision, the Secretary must not only consider the implications of the individual action proposed, but take into account the cumulative effects of other actions in the same geographic area to ensure that the value of the wetland in that area, including value to waterfowl and other wildlife, is only minimally affected by the action proposed by an individual producer seeking the exemption. The Committee intends that the Secretary make use of this minimal effect provision in all appropriate cases in which an area meets the technical definition of a wetland, but its conversion would have only a minor impact on the hydrological, biological and wildlife values of the area.

The amended section 1222(g) grants producers the right to appeal the provisions of any mitigation agreement requiring greater than one to one mitigation. The Committee expects the government to present clear and convincing evidence of the need for a greater that one-to-one mitigation requirement.

The amended section 1222(h) exempts persons that converted wetland or planted on converted wetland from the ineligibility provision of swampbuster who agree to fully restore the characteristics of the converted wetland to its prior wetland state if the Secretary determines that—

(1) the person has not otherwise violated the provisions of section 1221 in any 10-year period on a farm; and

(2) the person converted the wetland, or produced the agricultural commodity on the converted wetland, in good faith and without the intent to violate the provisions of section 1221.

If the Secretary grants such an exemption, the Secretary is required to reduce by not less than $750 nor more than $10,000, (depending on the seriousness of the violation) program benefits described in section 1221 that such producer would otherwise be eligible to receive in a crop year.

The Committee expects the owner or operator to understand that where a wetland has been clearly delineated on a certified map, such owner or operator will be held strictly accountable for his farming practices and only in cases where an infraction is demonstrably inadvertent will graduated penalties apply.

The amended section 1222(i) provides for the restoration of eligibility for program benefits lost under swampbuster for any subsequent crop year if, prior to the beginning of such subsequent crop year, the person has fully restored the characteristics of the converted wetland to its prior wetland state.

The amended section 1222(j) requires determinations and the development of restoration and mitigation plans under section 1222 to be made with the agreement of the local representative of the Soil Conservation Service and the Fish and Wildlife Service. If agreement cannot be reached at the local level, Section 1222 (j) requires the determinations to be made by the State Conservationist in consultation with a representatives of the Fish and Wildlife Service, who are required to report to their respective national offices concerning all determinations made by them at the State level as a result of an agreement not being reached at the local level.

Section 1222(j) also requires the Secretary to conduct such monitoring activities as are necessary to ensure the success and effectiveness of the wetland restoration efforts under section 1222.

Section 1602(d) amends section 1223 of the Food Security Act of 1985 to require the Secretary of Agriculture to consult with the Secretary of Interior on determinations with respect to mitigation and the restoration of wetland values and functions on converted wetland as required under subtitle C of title XII of the Act.

In the event that one of the agencies involved in such determinations does not have personnel immediately available, if necessary and appropriate, that agency should delegate its role to other competent government officials in order to expedite such determinations.

Section 1602(e) adds a new section to subtitle C of title XII of the Food Security Act of 1985 to prevent loss of benefits under swampbuster as the result of actions by third parties.

Section 1602(f) prohibits the interpretation of amendments made by section 1602 as altering or affecting any determination by or for the Secretary that found a person exempt from program ineligibility prior to the enactment of the Food and Agricultural Resources Act of 1990 under section 1222 of the Food Security Act of 1985.

It has come to the Committee's attention that producers in the State of North Carolina may have not received adequate information pertaining to the guidelines for implementation of the swampbuster provisions of the Food Security Act of 1985. Specifically, it appears that through no fault of the producer, some producers were not notified of the compliance date for meeting the requirements of the law, and, as a result, took actions to drain wetlands after December 23, 1985.

The Secretary is directed to investigate any such allegations to determine if individual producers suffered loss of program benefits as a result of this oversight on the part of officials or representatives of the United States Department of Agriculture. If, after investigation, the Secretary determines this is to be the case, the Secretary shall re-evaluate the penalties applied to individual producers and redetermine if such individuals should be guilty of a violation of the commencement provisions of swampbuster. If the Secretary finds that any individual producer was found to be in violation

of the swampbuster provisions as a result of having received faulty or misleading information, a failure of the part of United States Department of Agriculture personnel to inform such producer in a timely fashion, or through any circumstances beyond such producer's control, the Secretary shall grant the producer in a timely fashion, or through any circumstances beyond such producer's control, the Secretary shall grant the producer a right to an appeal and any appropriate relief, including, but not limited to, revocation of any penalties imposed.

Section 1603—Conservation Reserve Program

Section 1603 amends the provisions of the conservation reserve program established in subtitle D of title XII of the Food Security Act of 1985 ("the Act"). Section 1603(a) amends section 1231 of the Act to require the Secretary to formulate and carry out during the 1986 through 1995 crop years, a conservation reserve program through the use of contracts to assist owners and operators of eligible lands (specified in section 1231(b)) to conserve and improve the soil and water resources of such lands.

The amended section 1231 defines, for purposes of section 1231(a), the term "crop year" to mean the calendar year in which the crop is normally harvested.

The amended section 1231(b) authorizes the Secretary to include in the conservation reserve program—

(1) highly erodible croplands that could substantially reduce the production capability for future generations if permitted to remain untreated or cannot be farmed in accordance with a plan under section 1212 or 1274;

(2) marginal pasture lands converted to wetland, or established as wildlife habitat;

(3) marginal pasture lands, established to trees in or near to riparian areas, not to exceed 10% of the number of acres of land that is placed in the conservation reserve under subtitle D in each of the 1991 through 1995 crop years;

(4) croplands that are otherwise not eligible—

(A) if the Secretary determines such lands contribute to the degradation of water quality or would pose an on-site or off-site environmental threat to water quality if permitted to remain in agricultural production;

(B) if such croplands are newly-created, permanent sod waterways, or are contour grass sod strips established and maintained as part of an approved conservation plan;

(C) that are planted to trees, or are living snow fences, permanent wildlife habitat, windbreaks, shelterbelts, or filterstrips;

(D) that are farmed wetland if wildlife values and functions are restored by conversion to a less intensive use; or

(E) if the Secretary determines that such lands pose an off-farm environmental threat or pose a threat of continued degradation of productivity due to soil salinity if permitted to remain in production; and

(5) croplands on which the Secretary has prevented the production of agricultural commodities.

In order to ensure that an excessive acreage of marginal pasture lands planted to trees is not enrolled in the program, the Secretary shall limit the acreage of these areas enrolled to 10 percent of the total acres enrolled each year for the five year life of the program.

The amended section 1231(c) requires the Secretary to provide opportunities and give public notice for owners and operators of farms and ranches to enroll eligible lands in the conservation reserve, authorizes the Secretary to enter into contracts to place in the conservation reserve up to 45 million acres and prohibits the Secretary from placing under contract more than 25 percent of the cropland in any one county, except that the Secretary may exceed this limitation in a county to the extent that the Secretary determines that it would not adversely affect the local economy of the county and if producers in the county are having difficulties complying with conservation plans.

The amended section 1231(d) directs the Secretary to enter into contracts of 10 years, but authorizes the owner or operator to extend to a term not to exceed 15 years any new or existing contract on land to be devoted to hardwood trees.

Section 1603(b) makes technical, conforming, and other changes to section 1232 of the Act. The amended section 1232 requires owners or operators of lands under contract to establish vegetative or water cover for the enhancement of wildlife, authorizes the Secretary to permit limited fall and winter grazing on conservation reserve land that is incidental to the gleaning of crop residues on the fields in which the land is located for an applicable reduction in rental payment, and amends section 1232(c) to authorize the Secretary to permit agricultural commodities to be produced on conservation reserve land if—

(1) the land is planted to hardwood trees;

(2) the agricultural commodities will be produced in conjunction with, and in proximity to, such hardwood trees; and

(3) the owner or operator of the land agrees to implement appropriate conservation practices concerning the land, including agroforestry alley cropping which is defined for the purposes of section 1232(c) to mean the practice of planting rows of trees bordered on each side by a narrow strip of groundcover, alternated with wider strips of row crops or grain.

The Committee recognizes that sod waterways included in CRP contracts may be located in fields that are in crop production. In cases where the producer wishes to glean the field where the crop was produced by grazing animals the prohibition against harvesting from CRP land would require the sod waterway to be fenced off from the field. To mitigate this expensive requirement, the Committee intends that the CRP-contracted sod waterway may be grazed while the field is being gleaned in return for a reduced CRP payment. It is intended that this grazing will occur only after a crop is harvested and not during the 5 growing months when grazing of acreage reduction program or set-aside land is prohibited.

Section 1232(c) also directs the Secretary to develop a bid system by which owners and operators may offer to reduce their annual rental payments in exchange for permission to produce agricultural commodities on conservation reserve land but prohibits the Secretary from accepting offers that provide for less than a 50 percent

reduction in such annual payments, authorizes the Secretary to extend any contract for not more than 5 years for owners or operators who plant trees, and requires the Secretary to ensure that the total annual rental payments over the term of any contract modified under section 1232(c) are not in excess of that specified in the original contract.

A study prepared by the University of Missouri-Columbia identifies six major benefits that could result from the alley-cropping program:

(1) reduction of cost to government programs in post-CRP years;

(2) minimization of the cost of conservation measures;

(3) reduction of soil erosion over a long period of time;

(4) improved wildlife habitat;

(5) reduction of gases contributing to global warming and improvement of water quality; and

(6) rural economic improvements resulting from increased forest management and production.

The Secretary, in implementing this program, should define by regulation the types of conservation practices that would be deemed appropriate, consistent with the broad definition contained in this section.

The amended section 1232(d) requires that to the extent practicable, not less than one-eighth of the land that is placed in the conservation reserve during the 1991 through 1995 crop years be devoted to trees, shrubs, hydrophytic vegetation, critical area seedings, or other non-crop vegetation or water that provides a permanent habitat for wildlife including migratory waterfowl.

The amended section 1232(e) makes highly erodible land in the conservation reserve subject to the provisions of subtitle B upon the expiration of the contract and requires conservation plans to be fully implemented with respect to such lands by the owner or operator not later than 2 years after the date on which the contract expires or such longer period of time as determined appropriate by the Secretary if such plan requires structures to be constructed.

Section 1603(c) makes technical, conforming, and other changes to section 1233 of the Act. The amended section 1233 requires the Secretary to share the cost of carrying out water quality and conservation measures set forth in the contract and to pay an annual rental payment in accordance with section 1234 for a period of years not in excess of the term of the contract.

Section 1603(d) amends section 1234 of the Act to require the Secretary to provide a 50 percent cost share of the costs of establishing water quality measures pursuant to the contract, to limit the total amount of cost sharing payments provided to owners and operators from all sources to no more than 100 percent of total costs, and to base the annual rental payments for eligible lands enrolled in the conservation reserve on comparable local rental rates. The amended section 1234(c) also authorizes the Secretary, in determining the acceptability of contract offers, to—

(1) take into consideration the extent to which enrollment of the land that is the subject of the contract offer would improve soil resources, water quality, or provide other environmental benefits;

(2) where appropriate, accept contract offers that provide for the establishment of shelterbelts, windbreaks, or living snow fences or permanently vegetated stream borders, filter strips of permanent grass, forbs, shrubs, and trees that will substantially enhance water quality; and

(3) establish different criteria in various States and regions of the United States to determine the extent to which water quality may be improved or erosion may be abated.

The amended section 1234(d) limits payments under the conservation reserve to no more than the prevailing local rental rate for comparable land and requires payments to a producer under a special conservation reserve enhancement program to be in the form of cash only.

Section 1603(d) adds two new subsections to section 1234 of the Act that exempt payments made under the conservation reserve program from sequestration and allow an owner or operator to receive cost share assistance, rental payments, or tax benefits from a State or State subdivision for enrolling lands in the conservation reserve program in addition to any payment under the program.

The amended section 1235 of the Act would prohibit the continuation of an agreement by a new owner after a conservation reserve agreement has been entered into if the original owner retains a contingent interest in the land as determined by the Secretary.

Section 1603(f) amends section 1236 of the Act by adding a new subsection that requires the Secretary to offer the owner or operator of a farm or ranch an opportunity to extend the preservation of cropland base and allotment history pursuant to section 1236(b) for up to 10 years after the expiration date of a conservation reserve contract at the request of such owner or operator and requires the owner or operator in return for such extension, to agree to continue to abide by the terms and conditions of the original contract, except that—

(1) the owner or operator receives no cost share, annual rental or bonus payment; and

(2) the Secretary may permit haying and grazing of acreage placed in the conservation reserve for the purpose of meeting any requirement established under the Act except during any consecutive 5 month period that is established by the State committee.

The amended section 1236 also requires each 5 month period be established during the period beginning April 1 and ending October 31 of a year, authorizes the Secretary in the case of a natural disaster, to permit unlimited haying and grazing on such acreage, and authorizes the Secretary to reduce or terminate the amount of cropland base and allotment history preserved pursuant to subsection (c) for acreage with respect to which a violation of a term or condition occurs.''.

Section 1604—Tree planting initiative

Section 1604(a) adds a new section to subtitle F of title XII of the Act. The new section 1256(a) of the Act makes a statement of the policy of Congress with respect to the maintenance, afforestation, and reforestation of Forest Lands and encourages the Secretary to implement this policy by using;

(1) the conservation reserve program;
(2) the agricultural conservation program;
(3) the Cooperative Forestry Assistance Act of 1978; and
(4) the provisions of title XVI of the Food and Agricultural Resources Act of 1990.

The new section 1256(b) directs the Secretary to encourage owners and operators of cropland who enter into agreements in accordance with section 1256 to enlist the cooperative assistance of the State Forester or equivalent State official in obtaining technical and financial assistance for tree planting and maintenance activities in accordance with the provisions of the Food and Agricultural Resources Act of 1990.

Section 1604(b) amends section 1231(e) of the Act by adding a new paragraph that authorizes the Secretary to offer to owners and operators of highly erodible cropland after placement in the reserve an opportunity to extend any existing contract, or to enter into a new contract on such cropland, for not more than 15 years under this subtitle, if the owners or operators agree to devote the cropland to indigenous trees, shelterbelts, windbreaks, wildlife corridors, or filter strips and agree to participate in the Forest Resources Stewardship Program established under section 4 of the Cooperative Forestry Assistance Act of 1978 (16 U.S.C. 2103).

Section 1604(b) also amends section 1234(b) of the Food Security Act of 1985 (16 U.S.C. 3832(b)) by adding a provision to require the Secretary to pay, for acreage planted to indigenous trees, not less than 50 percent and not more than 75 percent of the reasonable and necessary costs associated with establishing trees on such acreage, as determined by the Secretary, taking into consideration the amount necessary to ensure that the acreage levels planted to trees specified in section 1231 are attained, and authorizes cost share assistance for the establishment of windbreaks, shelterbelts, wildlife corridors, and filter strips and other costs incurred by the owner or operator for maintaining new tree plantings (including the cost of replanting, cultivation, nutrient needs, and disease and insect control) during the 2 to 4 year period beginning on the date the acreage is planted to trees, as determined by the Secretary.

Section 1604(b) again amends section 1234(b) of the Food Security Act of 1985 (16 U.S.C. 3832(b)) by adding a provision to authorize the Secretary to permit owners or operators who contract to convert at least 10 acres of land to the production of indigenous trees under this subtitle to extend the planting of such trees over a 3-year period if at least one-third of such trees are planted in each of the first 2 years, and to prohibit an owner or operator who receives cost-share assistance from receiving any other Federal cost-share assistance with respect to the land under any other provision of law.

Section 1604(c) further amends section 1234 of the Food Security Act of 1985 (16 U.S.C. 3834) by adding a new subsection that directs the Secretary to permit owners and operators with conservation reserve contracts in effect on the date of enactment of this subsection to convert areas of highly erodible cropland that are planted to grass under the contract to the planting of indigenous trees, to prohibit the owner or operator from requiring the Secretary, through such conversion, to incur any additional expense on such acres, in-

cluding the expense involved in the original establishment of the vegetative cover, that is in excess of the average per acre indigenous tree planting expense in the same area, to permit the owner or operator, if the original term of contract with respect to land to be planted to indigenous trees under the previous sentence was less than 15 years, to extend such contract to a term of no more than 15 years.

Section 1604(d) adds a new paragraph to section 1235(c) of the Food Security Act of 1985 (16 U.S.C. 3835(c)) that directs the Secretary to modify or waive a term or condition of any conservation reserve contract in order to permit sustained-yield harvesting of timber or related resources by the owner or operator of the land during the last 3 years of the contract period if the owner or operator agrees to permanently retire the cropland base and allotment history applicable to the land, and to provide additional compensation to such an owner or operator. In this context, sustained yield shall mean the harvesting of timber or related resources in a manner that will provide for the long-term productivity of such resources and not result in the degradation of water quality or related resources in the area.

Section 1605—Natural Resources Loan Program

Section 1605 adds two new sections to subtitle F of title XII of the Food Security Act of 1985 (16 U.S.C. 3801 et seq.) that direct the Secretary to establish a natural resources loan program to encourage the alleviation of natural resource conservation problems that reduce the productive capacity of the Nation's land and water resources or that cause degradation of environmental quality. The new section 1257 directs the Secretary, beginning within 180 days of enactment of the Food and Agricultural Resources Act, to make loans available in cash or in kind to eligible agricultural producers for those resource conservation and environmental enhancement measures that are determined necessary by the applicable county and State committees, in consultation with the Extension Service, the Soil Conservation Service, the applicable conservation district, and the Fish and Wildlife Service, or are included in the water quality management plan prepared and approved under the new subtitle H of the Act.

The new section 1257 directs that loans made under the section be made for terms not to exceed ten years at a rate of interest based upon the rate of interest charged the Commodity Credit Corporation by the United States Treasury on the date the loans are made, authorizes the Secretary to make unsecured loans up to $25,000 and secured loans in excess of $25,000, limits the total of such unsecured and secured loans made in each fiscal year to no more than $100,000,000, and authorizes loans to any one producer in any fiscal year up to $50,000.

The new section 1258 authorizes the Secretary to provide loans for soil and water conservation and protection to farm owners or tenants who are eligible borrowers under subtitle A of title III of the Agricultural Act of 1961 for—

(1) the installation of conservation structures, including terraces, sod waterways, permanently vegetated stream borders

and filter strips, windbreaks (tree or grass), shelterbelts, and living snow fences;

(2) the establishment of forest cover for sustained yield timber management, erosion control, or shelterbelt purposes;

(3) the establishment or improvement of permanent pasture;

(4) the conversion to and maintenance of sustainable agricultural production systems, as described by Department technical guides and handbooks;

(5) the payment of costs of complying with section 1212 of this Act; and

(6) other purposes consistent with soil and water conservation plans, integrated farm management plans, water quality enhancement plans, and wildlife habitat enhancement plans.

The new section 1258 also directs the Secretary, in making or insuring loans under section 1258, to give priority to producers who use the loans to build conservation structures or establish conservation practices to comply with section 1212 of the Act and to make or insure no loan under the section that exceeds the lesser of—

(1) the value of the farm or other security for such loan; or

(2) $50,000.

Section 1606—State Technical Committee

Section 1606 adds a new subtitle G to title XII of the Food Security Act of 1985 (16 U.S.C. 3801 et seq.). The new section 1261 directs the Secretary to establish in each State a Technical Committee to assist the Secretary in the technical considerations relating to implementation of the conservation provisions under this title, to develop not later than 180 days after enactment of section 1261 standards to be used by the State Technical Committee in the development of technical guidelines under section 1262(b) for the implementation of the conservation provisions of title XII, to put together each State Technical Committee using professional resource managers that represent a variety of disciplines in the soil, water, wetland, and wildlife sciences including representatives as may serve from among—

(1) the Soil Conservation Service;

(2) the Agricultural Stabilization and Conservation Service;

(3) the Forest Service;

(4) the Extension Service;

(5) the Farmers Home Administration;

(6) the Fish and Wildlife Service;

(7) State departments and agencies which the Secretary deems appropriate, including:

(A) the State fish and wildlife agency;

(B) the State forester;

(C) the State water resources agency;

(D) the State department of agriculture; and

(E) the State association of soil and water conservation districts; and

(8) other agency personnel with expertise in soil, water, wetland, and wildlife management as the Secretary determines appropriate.

The new section 1262(a) directs the Committees established under section 1261 to meet regularly to provide written information, analysis, and recommendations reflecting the best professional information and judgment of the Committee to appropriate officials of the Department of Agriculture who are charged with implementing the conservation provisions of title XII in a manner that will assist the Department of Agriculture in determining matters of fact, technical merit, or scientific question and to coordinate activities conducted under section 1262 with those conducted under section 1317 of the Food and Agricultural Resources Act of 1990.

The new section 1262(b) directs each State Technical Committee to develop technical guides for the implementation of the Wetland Preservation and Wildlife Habitat Improvement Options of the Agricultural Water Quality Protection Program under section 1273 not later than one year after enactment of this section.

The technical guides required under section 1262(b) will include detailed information on the selection of crops and crop-plant varieties, cover crops, rotation practices, tillage systems, nutrient management, biological control practices (including biologically intensive integrated pest management practices), soil, water, and natural resource conservation, and other practices useful in developing practices pursuant to such option, will provide standards and practical instructions for implementation of water quality improvement, wetland protection and wildlife habitat improvement practices based on existing scientific and technical knowledge, and may be developed or periodically revised with the assistance of persons who are eligible to conduct research projects under subtitle B of title XIV of the Act under contract with the Secretary after consultation with the panel established under section 1314 of the Food and Agricultural Resources Act of 1990.

The new section 1262(c) requires each Technical Committee to provide assistance and offer recommendations with respect to the technical aspects of—

(1) wetland protection, restoration, and mitigation requirements;

(2) criteria to be used in evaluating bids for enrollment of environmentally-sensitive lands in the conservation reserve program;

(3) guidelines for haying or grazing and the control of weeds to protect nesting wildlife on set-aside acreage;

(4) highly erodible lands exemptions and appeals;

(5) wetland and conservation compliance exemptions and appeals;

(6) addressing common weed and pest problems and programs to control weeds and pests found on acreage enrolled in the conservation reserve program; and

(7) other matters determined appropriate by the Secretary.

The new section 1262 (d) makes clear that each Committee established under section 1261 is advisory and has no implementation or enforcement authority, but directs the Secretary to give strong consideration to the recommendations of the Committees in administering the programs under title XII, and to the factual, technical, or scientific findings and recommendations under the Committee's responsibility.

Section 1607—Water quality protection

Section 1607 adds a new subtitle H to title XII of the Food Security Act of 1985 (16 U.S.C. 3801 et seq.) that establishes a Water Quality Protection Program.

The new section 1271(a) provides findings of Congress and section 1271(b) provides a statement of Congressional Policy.

The new section 1272 provides definitions for the new subtitle H.

The new section 1273(a) directs the Secretary to formulate and carry out a voluntary incentive program during the 1991 through 1995 crop years through agreements to assist owners and operators of a farm in developing and implementing a water quality protection plan.

Section 1273(a) further directs the Secretary to enter into agreements of up to 5 years upon the request of owners and operators of farms in eligible areas and not to initiate any such agreements beyond December 31, 1995, and requires owners or operators of a farm in return for incentive payments to agree—

(1) to implement a water quality protection plan approved by the Secretary subject to the agreement established under this subtitle;

(2) not to conduct any practice on the farm specified in the approved water quality protection plan as a practice that would tend to defeat the purposes of this subtitle;

(3) to comply with such additional provisions as the Secretary determines are desirable and are included in the agreement to carry out the water quality protection plan or to facilitate the practical administration of the program;

(4) on the violation of a term or condition of the agreement at any time the owner or operator has control of the land to refund any incentive or cost share payment received with interest and forfeit any future such payments as determined by the Secretary; and

(5) on the transfer of the right and interest of the owner or operator in land subject to the agreement, unless the transferee of such agrees with the Secretary to assume all obligations of the agreement, to refund any such cost-share and incentive payments received under this subtitle, as determined by the Secretary.

Section 1273(a) also makes owners and operators who voluntarily agree to develop and implement agricultural production practices, in concert with their water quality protection plan, that preserve and enhance wetland or wildlife habitat, eligible to receive cost-share assistance for the implementation of such practices.

Section 1273(a) further requires the Secretary to develop procedures for approving these agricultural practices, as a part of the water quality protection plan, that qualify for cost-share assistance, and directs the Secretary to encourage owners and operators who choose the wetland preservation option to implement, improve and maintain agricultural production practices, in concert with their water quality protection plan, that are designed to preserve and enhance existing wetland and to restore converted wetland to their natural state and to encourage owners and operators who choose the wildlife habitat improvement option to implement, improve

and maintain agricultural production practices, in concert with their water quality protection plan, that are designed to improve on-farm wildlife habitat, including the establishment of perennial cover, the protection of riparian areas, and the creation of wildlife corridors and areas of critical habitat for endangered species.

Section 1273(a) also directs the Secretary to assist the owner or operator, in return for entering into an agreement, in the protection and improvement of surface and groundwater quality and related resources by—

(1) providing an eligibility assessment of the farming operation as a basis for developing the water quality protection plan and any options associated with such plan;

(2) providing technical assistance in developing and implementing agricultural water quality protection plans;

(3) providing an annual incentive payment for developing and implementing agricultural production practices in accordance with an approved water quality protection plan submitted by the owner or operator;

(4) providing cost share assistance for implementing the wetland preservation or wildlife habitat improvement options; and

(5) ensuring that participants receive adequate information, education, and training to aid in implementation of a plan, and

directs the Secretary to make for a period of up to 5 years cost share payments up to 50 percent of the cost of the eligible practice and incentive payments as specified in the agreement and determined appropriate by the Secretary taking into consideration, among other things, the amount necessary on a per acre basis to encourage producers to participate, additional costs incurred by the producer, and the production values forgone, if any, in implementing the practices.

Since many of the practices that are necessary to provide water quality protection, such as the establishment of permanent cover on riparian areas and the creation of filter strips and windbreaks, require only minor modification to improve their benefit to wildlife, the Committee anticipates that substantial improvements in wetland and wildlife habitat can be made through this water quality protection program.

Section 1273(a) also limits payments to a participant agreeing to implement a plan on acres devoted to the production of an agricultural commodity under subtitle H to no more than—

(1) $3500 per person per year in the form of incentive payments; and

(2) not more than an additional $1500 per person per year in the form of cost share assistance,

but states that payments received by an owner or operator under subtitle H are in addition to, and do not affect, the total amount of payments that the owner or operator is otherwise eligible to receive under the Food and Agricultural Resources Act or the Agricultural Act of 1949 (7 U.S.C. 1421 et seq.), except that payments for a practice or practices may not be made under subtitle H if payments or assistance is provided for the same practice under any other Federal program.

The Committee expects the Secretary to prescribe such regulations and guidelines as necessary so that in no event shall a pro-

ducer who is participating in two or more water quality or other environmental enhancement programs as authorized in this title or title XIII receive multiple benefits for duplicative management requirements.

Section 1273(a) also—

(1) authorizes the Secretary to modify an agreement entered into with a participant under subtitle H if the participant agrees to such modification and the Secretary determines that the modifications are desirable to—

(A) carry out this subtitle;

(B) facilitate the practical administration of this subtitle; or

(C) achieve other goals that the Secretary determines are appropriate, consistent with subtitle H; and

(2) authorizes the Secretary to terminate an agreement under subtitle H if—

(A) the producer agrees to such termination, or the producer violates the terms and conditions of the agreement, and

(B) the Secretary determines that such termination would be in the public interest;

(3) directs the Secretary to obtain refunds of incentive and cost-share payments with interest if an agreement is terminated unless it is determined by the Secretary not to be in the public interest to seek a refund,

(4) allows owners or operators who agree to implement an approved water quality protection plan pursuant to subtitle H shall, by regulations established by the Secretary, to receive program payment yield and base protection on the farm during the agreement period; and

(5) directs the Secretary to seek to enter into agreements with participants, to the extent possible, to place into the program a total of not less than 20 million acres during the 1991 through 1995 crop years.

The new section 1273(n) states that agricultural water quality protection plans should include as applicable, but not be limited to—

(1) a description of the prevailing farm enterprises, cropping patterns, and cultural practices, and other information that may be relevant to protecting water quality on the farm;

(2) a description of farm resources, including soil characteristics, proximity to water bodies, and other relevant characteristics of the farm related to water quality;

(3) to the extent practicable, specific, quantitative water quality protection goals and objectives that will minimize contamination or degradation of surface or ground water;

(4) a range of water quality protection practices that will, if implemented by a producer, assist the producer in complying with State and Federal environmental laws, and where appropriate, will complement conservation plans prepared for highly erodible lands under section 1212 of the Food Security Act of 1985 (16 U.S.C. 3812);

(5) the specific agricultural production practices that will be implemented, improved and maintained, including practices

that ensure continued farm productivity and profitability by promoting the efficient use of fertilizers, other crop nutrients, and pesticides, as well as any management practices that are to be avoided, in order to carry out and achieve the water quality goals and objectives of the producer;

(6) to the extent practicable, water quality protection practices for safe storage, mixing and loading of pesticides and fertilizers, and storage and handling of animal waste;

(7) the timing and sequence for implementing such practices that will assist the producer in complying with State and Federal environmental laws, taking into consideration schedules that may be established in such laws; and

(8) information that will enable the producer to evaluate the effectiveness of the plan in protecting water quality.

The new section 1273(c) directs the Secretary to establish a procedure to enable agricultural producers to develop agricultural water quality protection plans pursuant to this section with the local Soil Conservation Service office, to protect the confidentiality of the information contained in these plans to the extent confidentiality is provided under current law to information contained in conservation plans under section 1212, and to provide notice to producers that information contained in the plans developed under this section 1273(c) will be available to the public upon request.

The new section 1273(d) directs the Secretary to develop procedures for and to approve water quality protection plans.

The new section 1273(e) directs the Secretary to begin accepting contracts within one year.

The new section 1273(f) states that the requirements of section 1273 are intended to supplement and support the provisions of other State and Federal laws and section 1273 in no way replaces or substitutes for any other State or Federal laws.

The new section 1274 provides that lands eligible for enrollment in the program or for technical assistance will include—

(1) impaired watersheds identified by a State pursuant to section 319 of the Clean Water Act (33 U.S.C. 1329);

(2) wellhead protection areas defined under the Safe Drinking Water Act (42 U.S.C. 300h-7);

(3) other areas recommended by State lead agencies for environmental protection as designated by a Governor of a State; or

(4) other areas recommended by the Administrator of the Environmental Protection Agency or the Secretary of the Interior in consultation with the Secretary.

In identifying eligible lands, consideration for eligibility and program assistance should be given to defined tributary watersheds contributing significant levels of sediment to the nationally significant ecosystems such as the Upper Mississippi River System. Eligibility of these watersheds shall be identified by a State pursuant to eligibility standards provided through Section 319 of the Clean Water Act.

The new section 1274(b) requires the Secretary in accepting agreements pursuant to section 1274 and providing assistance pursuant to section 1275, to give priority to lands on which agricultural production has been determined to contribute to, or creates, the

potential for failure to meet applicable water quality standards or the goals and requirements of Federal or State laws governing surface and ground water quality as determined by the Secretary in consultation with State officials having responsibility for monitoring and protecting water quality.

Section 1275—Technical assistance for water quality protection

The new section 1275(a) requires the Secretary to provide technical assistance to agricultural producers on eligible lands to assist them in developing and implementing agricultural water quality protection plans.

The new section 1275(b) directs the Secretary to develop handbooks and local field office technical guides describing a process to assist agricultural producers in preparing and implementing on-farm agricultural water quality protection plans necessary to assist in complying with State and Federal environmental laws, and to implement the agricultural water quality protection policy established by the Food and Agricultural Resources Act; requires the guides required under section 1275 to reflect local agronomic, economic and ecological conditions, and to include and describe in detail—

(1) procedures to identify potential sources of pollution on a farm;

(2) to the extent practicable, a range of water quality protection practices, and their economic cost and benefit, that is suitable to local ecological characteristics and prevailing farm enterprises and that complement conservation plans prepared for highly erodible lands under section 1212 of the Food Security Act of 1985 (16 U.S.C. 3812);

(3) storage, mixing, and loading practices for on-farm pesticide and fertilizer use to protect water quality;

(4) any information regarding relevant State and environmental laws that may impact upon the producer;

(5) criteria to evaluate the effectiveness of on-farm plans in protecting water quality and provide aggregate data to aid in evaluating compliance with State and Federal environmental laws; and

(6) means to evaluate the economic costs and benefits of agricultural water quality protection practices, including source reduction practices; requires local field office technical guides to be developed for environmentally-sensitive areas no later than two years after the areas have been so designated under State or Federal environmental law and to be up-dated periodically, but not less than every two years, to incorporate any improved water quality protection practices; and directs the Secretary to consult with the Administrator of the Environmental Protection Agency, the Secretary of the Interior, and with relevant State agencies in developing handbooks and field office technical guides under section 1275 to ensure that the handbooks and guides contain accurate and up-to-date technical information on practices designed to protect water quality.

The Committee recognizes that some time will be necessary to develop these guides, particularly if they are to be applicable to local conditions and useful in developing localized plans for produc-

ers. For this reason, the Secretary shall have two years to develop these guides. However, in order to begin to address existing problems some producers are having in meeting water quality standards, the Committee directs the Secretary to begin to accept contracts for the establishment of water quality protection plans within one year of the date of enactment. Such plans should be based on best available information and technology and may be updated or revised to reflect new information resulting from completion of the local field office technical guides.

The new section 1275(c) requires the Secretary to designate the Soil Conservation Service as the lead agency for purposes of providing technical assistance in connection with implementing subtitle H, and to assign such personnel from the Extension Service, Agricultural Research Service, and other agencies as are necessary to fulfill the purposes of subtitle H and authorizes the Secretary to request the services of the State water quality agencies, State fish and wildlife agencies, State forestry agencies, or any other source deemed appropriate to assist in providing the technical assistance necessary for the development and implementation of the water quality protection plans.

The new section 1276 requires the Secretary to provide no later than September 30, 1992, to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate an interim report describing the degree of participation in the planning process and program established in subtitle H, including the number of plans that have been prepared, any information on the number of plans that are in implementation, including the number and acreage of farms engaged in planning by type of environmentally-sensitive area, any information relevant for evaluating the effectiveness of agricultural water quality plans in protecting water quality and the economic costs and benefits of the plans if implemented, and other information pertinent to implementation of subtitle H and requires a final report to be submitted no later than September 30, 1994.

Section 1608—Wetland and environmental easements

Section 1608 adds a new subtitle I to title XII of the Food Security Act of 1985 (16 U.S.C. 3801 et seq.) that establishes a Wetland and Environmental Easement Program. The new section 1281(a) directs the Secretary to formulate and carry out a wetland and environmental easement program (hereafter in this subtitle referred to as the "easement program") during the 1991 through 1995 crop years, in accordance with subtitle I, through the acquisition of perpetual easements or easements for the maximum term permitted under applicable State law from willing owners of eligible farms or ranches in order to ensure the continued long-term protection of environmentally-sensitive lands or reduction in the degradation of water quality on such farms or ranches through the continued conservation and improvement of soil and water resources.

The new section 1281(b) specifies lands eligible for the program and authorizes the Secretary to acquire easements on land placed in the conservation reserve under subtitle D (other than such land that is likely to continue to remain out of production and that do

not pose an off-farm environmental threat), land under the Water Bank Act (16 U.S.C. 1301), or other cropland that—

(1) is farmed wetland;

(2) is adjacent to wetland that is functionally dependent on such cropland;

(3) is converted wetland which was converted prior to December 23, 1985, the restoration of which is deemed important by the Secretary for the protection of water quality or wildlife;

(4) contains riparian corridors to provide a link between wetland or adjacent waterways, streams, or other water bodies;

(5) is an area of critical habitat for wildlife, especially threatened or endangered species; or

(6) contains other environmentally-sensitive areas, as determined by the Secretary, that would prevent a producer from complying with other Federal, State, or local environmental goals if commodities were to be produced on such lands.

The new section 1281(b) also prohibits the Secretary from acquiring easements on—

(1) land that contains timber stands established under the conservation reserve under subtitle D; or

(2) pasture land established to trees under the conservation reserve under subtitle D; and authorizes the Secretary to terminate any existing conservation reserve contract entered into under section 1231(a) if the land that is subject to such contract is transferred into the program established by subtitle I.

The new section 1281(c) prohibits the Secretary from acquiring easements on more than 10 percent of the cropland in any one county and authorizes the Secretary to acquire easements to the extent that such easements, together with lands placed in the conservation reserve under section 1231(c)(3), do not exceed 25 percent of the cropland in any one county, except that the Secretary may exceed this limitation in a county to the extent that the Secretary determines that it would not adversely affect the local economy of the county and producers in the county are having difficulties complying with conservation plans.

The new section 1281(d) directs the Secretary to establish as a component of the easement program established under section 1281 a National Agricultural Wetland Reserve; to seek to enroll 2,500,000 acres of wetland and associated areas in the National Agricultural Wetland Reserve during fiscal years 1991 through 1995; and to place priority in establishing the National Agricultural Wetland Reserve, on acquiring easements based on the value of the easement for protecting wetland and associated areas and enhancing habitat for migratory birds and other wildlife. The term "associated areas" is defined to include those lands in close proximity or adjacent to a wetland that the wetland is functionally-dependent upon.

Priority in acquiring easements is to be placed upon the enrollment of wetland which the Secretary determines, in consultation with the Secretary of the Interior, are valuable for enhancing habitat for migratory birds and other wildlife. In making these determinations, the Secretary shall coordinate efforts, to the maximum extent practicable, with the goals and objectives for wetland protec-

tion and acquisition included in the North American Waterfowl Management Plan.

The new section 1282(a) requires the owner of the farm or ranch, in conjunction with the creation of an easement on any lands located therein to agree to—

(1) implement a natural resource conservation management plan approved by the Secretary in consultation with the Secretary of the Interior;

(2) to the creation and recordation of an appropriate deed restriction in accordance with applicable State law to reflect the easement agreed to under subtitle I with respect to such lands;

(3) to provide a written statement of consent to the easement signed by those holding a security interest in the land;

(4) to comply with such additional provisions as the Secretary determines are desirable and are included in the easement to carry out this subtitle or to facilitate the practical administration thereof;

(5) to specify the location of any timber harvesting on land subject to the easement and to refrain from harvesting and commercial sales of Christmas trees and nuts, except for activities consistent with customary forestry practices, such as pruning, thinning, or tree stand improvement on lands converted to forestry uses;

(6) to limit the production of any agricultural commodity on such land only to production for the benefit of wildlife;

(7) not to conduct any harvesting or grazing, nor otherwise make commercial use of the forage, on land that is subject to the easement unless specifically provided for in the easement or related agreement, nor adopt any similar practice specified in the easement or related agreement that would tend to defeat the purposes of this subtitle, as determined by the Secretary;

(8) not to adopt any other practice specified in the easement or related agreement that would tend to defeat the purposes of this subtitle, as determined by the Secretary;

(9) that on the violation of the terms or conditions of such related agreement, the owner shall have the responsibility—

(A) to refund to the Secretary any cost share payments received by the owner under this subtitle, together with interest thereon as determined by the Secretary, if the Secretary determines that such violation warrants termination of the agreement; or

(B) to refund to the Secretary, or accept adjustments to, cost share payments provided under this subtitle as the Secretary determines appropriate, if the Secretary determines that such violation does not warrant termination of the agreement.

The new section 1282(b) requires that the natural resource conservation management plan referred to in section 1282(a)(1), (hereafter referred to as the "plan") shall set forth the conservation measures and practices to be carried out by the owner of the land subject to the easement, and the commercial use, if any, to be permitted on the land during the term of the easement and to provide for the permanent retirement of any existing cropland base and al-

lotment history for the land under any program administered by the Secretary.

The new section 1283 requires the Secretary, in return for the granting of an easement by an owner under subtitle I; to

(1) share the cost of carrying out the establishment or reestablishment of conservation measures and practices set forth in the plan for which the Secretary determines that cost sharing is appropriate and in the public interest;

(2) pay annual easement payments for a period up to 10 years up to an aggregate maximum of the lesser of $250,000 or the value of the land without an easement;

(3) provide necessary technical assistance to assist owners in complying with the terms and conditions of the easement and the plan;

(4) permit the land to be used for wildlife activities, including hunting and fishing, if such use is permitted by the owner.

The new section 1284(a) directs the Secretary to provide payment for obligations incurred by the Secretary under subtitle I—

(1) with respect to any cost sharing payment as soon as possible after the obligation is incurred; and

(2) with respect to any annual easement payment obligation incurred by the Secretary as soon as possible after October 1 of each calendar year.

The new section 1284(b) directs the Secretary, in making cost sharing payment to owners under subtitle I, to pay up to 100 percent of the cost of establishing, or reestablishing, conservation measures and practices.

The new section 1284(c) authorizes the Secretary, in determining the amount payable to owners in the form of easement payments under subtitle I, to use such means as the Secretary determines appropriate and to consider, among other things, the amount necessary to encourage owners to participate in the easement program, and authorizes the Secretary, in determining the acceptability of easement offers, to take into consideration the extent to which the purposes of the easement program would be achieved on the land, the productivity of the land and the on-farm and off-farm environmental threats if the land is used for the production of agricultural commodities.

The new section 1284(d) requires payments under subtitle I, except as otherwise provided in section 1284, to be made in cash in such amount and at such time as is agreed on and specified in the easement or related agreement, and to be made in advance of a determination of performance.

The new section 1284(e) requires the Secretary, if an owner who is entitled to a payment under this subtitle dies, becomes incompetent, is otherwise unable to receive such payment, or is succeeded by another person who renders or completes the required performance, to make such payment, in accordance with regulations prescribed by the Secretary and without regard to any other provision of law, in such manner as the Secretary determines is fair and reasonable in light of all of the circumstances.

The new section 1284(f) establishes the maximum amount of easement payments that may be made to a person under subtitle I for any fiscal year as $50,000, directs the Secretary to issue regula-

tions defining the term "person" as used in section 1284(f), which shall conform, to the extent practicable, to the regulations defining the term "person" issued under section 1001, and prescribing rules the Secretary determines are necessary to ensure a fair and reasonable application of the limitation contained in this section 1284(f), provides that easement payments received by an owner are in addition to, and do not affect, the total amount of payments that the owner is otherwise eligible to receive under the Food Security Act of 1985, the Food and Agricultural Resources Act of 1990, or the Agricultural Act of 1949 (7 U.S.C. 1421 et seq.), and makes the provisions of this section 1284(f) that limit payments to any person, and section 1305(d) of the Agricultural Reconciliation Act of 1987 (7 U.S.C. 1308 note), inapplicable to payments received by a State, political subdivision, or agency thereof in connection with agreements entered into under a special wetland and environmental easement enhancement program carried out by that entity that has been approved by the Secretary, and authorizes the Secretary to enter into such agreements for payments to States, political subdivisions, or agencies thereof that the Secretary determines will advance the purposes of subtitle I.

The new section 1284(g) exempts payments under subtitle I from sequestration pursuant to an order issued under section 252 of the Balanced Budget and Emergency Deficit Control Act of 1985 (2 U.S.C. 902).

The new section 1285(a) prohibits the creation of an easement under subtitle I on land that has changed ownership in the year preceding the year of such acquisition unless the new ownership was acquired by will or succession as a result of the death of the previous owner or was acquired before January 1, 1990 or the Secretary determines that the land was acquired under circumstances that give adequate assurances that the land was not acquired for the purposes of placing it in the program.

The new section 1285(b) authorizes the Secretary to modify an easement acquired from, or a related agreement with, an owner under this subtitle if the current owner agrees to such modification, and the Secretary determines that such modification is desirable—

(1) to carry out this subtitle;

(2) to facilitate the practical administration of this subtitle; or

(3) to achieve such other goals as the Secretary determines are appropriate and consistent with this subtitle, authorizes the Secretary to terminate an easement created with an owner under this subtitle if the current owner agrees to such termination and the Secretary determines that the termination would be in the public interest, and directs the Secretary to provide written notice to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate at least 90 days before taking any action to terminate under paragraph (A) all easements entered into under this subtitle.

Section 1609—Administration of conservation programs

Section 1609 makes technical and conforming changes to the Administration provisions of subtitle E of title XII of the Food Security Act of 1985 (16 U.S.C. 3841 et seq.) to extend their applicability to the provisions of the new subtitles added by the Food and Agricultural Resources Act of 1990.

Section 1609(a) extends the applicability of the definitions in subtitle A of title XII to subtitles H and I.

Section 1609(b) authorizes the Secretary to use the facilities of the Commodity Credit Corporation to carry out the new subtitles H and I if funds are appropriated for this purpose.

Section 1609(c) authorizes the Secretary—

(1) to use the services of local, State and county committees established under section 8(b) of the Soil Conservation and Domestic Allotment Act (16 U.S.C. 590h(b));

(2) to utilize the services of the Soil Conservation Service and the Forest Service, the Fish and Wildlife Service, State Forestry agencies, State fish and game agencies, land-grant colleges, local, county, and State committees established under section 8(b) of the Soil Conservation and Domestic Allotment Act (16 U.S.C. 590h), soil and water conservation districts, and other appropriate agencies; and

(3) to consult with, to the extent practicable, the Secretary of the Interior, State forestry agencies, State fish and game agencies, land-grant colleges, soil conservation districts, and other appropriate agencies in carrying out subtitles H and I.

Section 1609(d) amends section 1243 of the Act and directs the Secretary to establish by regulation, an appeal procedure under which a person who is adversely affected by any determination made under subtitles H or I may seek review of such determination, directs the Secretary to provide adequate safeguards to protect the interests of tenants and sharecroppers, including provision for sharing, on a fair and equitable basis, in payments under the programs established under the program established by subtitle H, and adds new subsections. The new section 1243(d) directs the Secretary to act as expeditiously as possible in making determinations under title XII and in conducting appeals from any determination made under title XII, but requires the Secretary to provide adequate safeguards to protect the interests of the persons involved in such determination. Cases were cited to the Committee of delays of up to two and a half years in resolving disputes on wetland determinations. The Committee intends that farmer appeals and dispute resolution be handled fairly and expeditiously to prevent disruptions of the farmer's agricultural enterprise.

The new section 1243(e) directs the Secretary to annually review the number and status of appeals pending under title XII at the district, area, and State conservationist level, to identify those such appeals that have been pending in excess of 120 days, and to annually report to Congress the results of such review.

Section 1609(e) amends section 1244 of the Act (16 U.S.C. 3844) by adding a new subsection that requires the Secretary to issue not later than 180 days after the date of enactment such regulations as the Secretary determines are necessary to carry out subtitles H

and I including regulations that address, with respect to subtitles H and I;

(1) a definition of the term "person";

(2) the determination of persons who are ineligible for program benefits under subtitles B and C, so as to ensure a fair and reasonable determination of ineligibility; and

(3) protect the interests of landlords, tenants, and sharecroppers.

Section 1609(f) amends section 1245 of the Act (16 U.S.C. 3845) to authorize to be appropriated such sums as may be necessary to carry out subtitles H and I.

Section 1610—Office of Environmental Quality

Section 1610(a) establishes an Office of Environmental Quality in the Department of Agriculture (hereafter in this section also referred to as the "Department") under the direct authority of the Secretary of Agriculture (hereafter in this section referred to as the "Secretary").

The Committee expects that this Office will promote and improve communications within the Department on matters affecting environmental quality, in general, and concerns affecting food safety, pesticide use and regulation, water quality, and wetland protection, in particular.

Section 1610(b) requires the Secretary to appoint an individual who has demonstrated technical expertise and experience in agricultural and environmental matters as Director of the Office and establishes the position at Executive Level IV. The Director of the Office should be capable of managing inter-agency and inter-Departmental environmental activities and initiatives and knowledgeable of the relationship between agriculture and environmental quality.

Section 1610(c) directs the Director to appoint such staff with professional expertise in matters related to environmental quality including, but not limited to, agricultural production, water quality, wetland, wildlife conservation, soil conservation, and agricultural chemical usage as may be necessary to assist the Director in carrying out section 1610, directs the Secretary to request that the Administrator of the Environmental Protection Agency and the Secretary of the Interior detail, on a reimbursable basis, to the Office at least one employee of the Environmental Protection Agency and the Department of the Interior, respectively, with expertise in matters related to agriculture and environmental quality, to serve as a liaison for the Environmental Protection Agency and the Department of the Interior, respectively, with the Department of Agriculture to assist the Director in carrying out the duties of the Director under section 1610, authorizes the head of any Federal agency to detail upon request of the Director, on a reimbursable basis, any of the personnel of such agency to the Office to assist the Director, if the Director determines that additional professional individuals are necessary to carry out the duties under section 1610, and directs the Secretary to appoint the Director not later than 60 days after the date of enactment of the Food and Agricultural Resources Act of 1990.

Section 1610(d) directs the Director to develop a departmental and agency-specific environmental quality policy statement and implementation plan and an annual agricultural environmental quality report, as specified in section 1610(f), to coordinate and monitor the activities of the Department regarding initiatives and programs related to environmental quality and the interpretation of departmental policies affecting environmental quality, and be responsible for—

(1) recommending to the Secretary environmental protection goals and specific programs, initiatives, and policies that will balance the needs of production agriculture with environmental concerns;

(2) providing advice to the Secretary on the development, implementation, and review of activities of agencies of the Department to ensure consistency with the Department's environmental protection goals;

(3) coordinating environmental policies within the Department, and between the Department and other Federal agencies, regional authorities, State and local governments, land-grant and other colleges and universities, and nonprofit and commercial organizations, regarding programs and actions relating to environmental quality;

(4) serving as a coordinator for the Department's data, information, programs, and initiatives dealing with environmental quality; and

(5) developing the plans and reports required under section 1610(f).

Section 1610(e) establishes in the Department the Interagency Committee on Environmental Quality to advise the Director on the policies and activities of the agencies of the Department which have an impact on environmental quality and provide guidance to the Director on actions the Director should undertake.

Section 1610(e) requires that the members of the Committee include the Director and the heads of the Soil Conservation Service, the Agricultural Stabilization and Conservation Service, the Animal and Plant Health Inspection Service, the Agricultural Research Service, the Cooperative State Research Service, the Economic Research Service, the Extension Service, the Forest Service, the Farmers Home Administration, the National Agricultural Statistics Service, and other agencies within the Department deemed appropriate by the Secretary.

Section 1610(e) also directs that the Director serve as the chair of the Committee, that the Committee meet at least quarterly, that the members of the Committee serve as liaisons between their agencies and the Committee, and that the Director provide for technical integration groups to coordinate the research agendas and priorities of the Department of Agriculture, the United States Geological Survey, the Environmental Protection Agency, the National Oceanic and Atmospheric Agency, the National Fertilizer Development Center of the Tennessee Valley Authority and other appropriate Federal agencies.

Section 1610(f) directs the Director to prepare an Environmental Quality Policy Statement that identifies goals and objectives for addressing the effects of agriculture on environmental quality and is

based upon an assessment, in accordance with section 1610(f)(1)(B), of the current status and level of effort, in terms of staff and funding, of programs at the Department of Agriculture to evaluate, prevent, and mitigate environmental problems that may result from agricultural production subject to the approval of the Secretary and to revise the policy statement at least every 5 years.

Section 1610(f) also requires an assessment to be made including—

(1) detailed descriptions of the roles of the respective divisions and services of the Department;

(2) a description of current efforts to coordinate the individual activities of each of the involved departmental agencies;

(3) recommendations for precluding any undesirable duplication of effort within the Department and between the Department and other Federal and State programs; and

(4) specific recommendations for new initiatives in monitoring, research, extension, and technical assistance efforts to address present and potential environmental quality problems, and authorizes the assessment to incorporate documents and planning processes already underway within the Department.

Section 1610(f) also requires the Director to prepare a plan to implement the Environmental Quality Policy Statement and to achieve the specific goals and objectives it includes, subject to the approval of the Secretary, requires the plan to include an assessment of the activities of each agency to mitigate or reduce any negative effects of agricultural policies, programs, and practices under their jurisdiction on environmental quality and to describe in detail new Departmental and agency-specific initiatives intended to achieve the goals and objectives of the policy statement, requires the preliminary draft of the plan to be developed within 300 days after the date of the enactment of the Food and Agricultural Resources Act of 1990 and to then be made available for public comment for a period of at least 30 days, requires the final report to be submitted to the Congress, appropriate State and Federal agencies, and the public not later than one year after the date of enactment, and requires the plan to be revised at least every 5 years.

Section 1610(f) also requires the Secretary to prepare and submit, not later than January 31, 1991, and annually thereafter, through the Director, an annual report to the Congress, other appropriate Federal and State agencies, and the public on the progress being made toward the goals and objectives established in the National Environmental Quality Statement including—

(1) a review of the environmental activities and initiatives of the Department during the preceding year;

(2) specific action taken to coordinate the environmental programs of the Department with programs of other Federal agencies and related State programs, and (3) such recommendations as the Director considers appropriate regarding current or additional environmental protection programs, initiatives, or policies that will balance the needs of production agriculture while addressing environmental concerns.

Section 1611— Integrated farm management program option

Section 1611(a) directs the Secretary to establish, by regulation, a voluntary program, to be known as the "Integrated Farm Management Program Option" (hereafter referred to in this section as the "program"), designed to assist producers of agricultural commodities in adopting integrated, multi-year, site-specific farm management plans by reducing farm program barriers to resource stewardship practices and systems, and authorizes participants in the program to plant base acres of one program commodity to a crop of another program commodity and maintain base acreage, but not receive payments unless such planted commodity is part of a resource-conserving crop.

Section 1611(b) defines, for purposes of section 1611, the terms "resource-conserving crop", "resource-conserving crop rotation", "farming operations and practices", and "integrated farm management plan" and defines for purposes of section 1611(b)(1)(A) the terms "grass", "legume", "small grain", and "alternative crops".

Section 1611(c) requires producers to be eligible to participate in the program, to prepare and submit to the Secretary for approval an integrated farm management plan (hereafter referred to in this section as the "plan"), to comply with the terms and conditions of the plan, as approved by the Secretary, and to keep such records as the Secretary may require.

Section 1611(d) directs the Secretary to enter into contracts with producers to enroll acreage in the program, and requires the contracts to be for a period of not less than 3 years, or, at the producer's option, for a longer period of time up to 10 years.

Section 1611(e) requires each plan approved by the Secretary to—

(1) specify the acreage to be enrolled in the program;

(2) describe the resource-conserving crop rotation to be implemented and maintained on such acreage during the contract period to fulfill the purposes of the program;

(3) contain a schedule for the implementation, improvement and maintenance of the resource-conserving crop rotation described in the plan;

(4) describe the farming operations and practices to be implemented on such acreage and how such operations and practices could reasonably be expected to result in——

(A) the maintenance or enhancement of the overall productivity and profitability of the farm;

(B) the prevention of the degradation of farmland soils, the long-term improvement of the fertility and physical properties of such soils; and

(C) the protection of water supplies from contamination by managing or minimizing agricultural pollutants;

The Committee intends that the provisions of section 1611(e)(4)(c) will be implemented if the management or minimization results in positive economic and environmental benefits and agricultural pollutants shall, for purposes of this paragraph, consist of nutrients, pesticides, animal wastes, sediments, salts, or biological contaminants, if such materials have been identified as pollutants;

(4) comply with all Federal, State, and local requirements designed to protect soil, wetland, wildlife habitat, and the quality of groundwater and surface water; and

(5) contain such other terms as the Secretary may, by regulation, require.

Section 1611(f) directs the Secretary to administer the program and in doing so to provide technical assistance to producers in consultation the local conservation districts, and the local conservation committee in developing and implementing plans, evaluating the effectiveness of plans, and assessing the costs and benefits of farming operations and practices and authorizes the plans to draw on handbooks and technical guides and to also include other practices appropriate to the particular circumstances of the producer and the purposes of the program.

Section 1611(f) also directs the Secretary to provide sufficient flexibility for a producer to adjust or modify the producer's plan to respond to changes in technology and farm and market conditions consistent with the purposes of the program and approved by the Secretary, directs the Secretary to implement section 1611 in such a manner as to minimize any adverse economic effect on the agribusinesses and other agriculturally related economic interests within any county, State, or region that may result from a decrease of harvested acres due to the operation of section 1611, authorizes the Secretary to restrict the total amount of crop acreage that may be removed from production, taking into consideration the total amount of crop acreage that has, or will be, removed from production under other price support, production adjustment, or conservation program activities, and directs the Secretary, to the greatest extent practicable, to permit producers on a farm that desire to participate in the program authorized under section 1611 to enroll acreage adequate to maximize conservation goals on such farm and ensure economic effectiveness of the program in each individual application.

Section 1611(f) also requires any enrollment in this program of land on a farm that results in an average decrease of harvested acres on the farm in excess of 25 percent over the life of such plan as compared to current operations to be deemed as Conservation Reserve Program acres for the purpose of applying the county limit on acres placed in the reserve, directs the Secretary to not enroll any acreage, to the extent practicable, under this program to the extent that the average amount of cropland removed from production in any county under the plan developed for such acreage over the life of such plan plus the total amount of cropland removed from production in such county under—

(1) the Conservation Reserve Program authorized under section 1231 of the Food Security Act of 1985 (hereafter referred to as the "Conservation Reserve Program"); and

(2) a program authorized under section 101B(c)(1)(B), section 103B(c)(1)(B), section 105A(c)(1)(B), or section 107A(c)(1)(B) of the Agricultural Act of 1949 (7 U.S.C. 1441 et seq.) (hereafter in this section referred to as the "Act") would exceed 25 percent of the total commercial cropland in any such county.

Section 1611(f) also prohibits the Secretary from approving any plan that will result in the involuntary displacement of farm ten-

ants or lessees by landowners through the removal of substantial portions of the farm from production of a commodity, and requires the Secretary, in the case of any tenant or lessee who has rented or leased the farm (with or without a written option for annual renewal or periodic renewals) for a period of two or more of the immediately preceding years, to consider the refusal by a landlord, without reasonable cause other than simply for the purpose of enrollment in the program, to renew such rental or lease as an involuntary displacement in the absence of a written consent to such non-renewal by the tenant or lessee.

Section 1611(f) also directs the Secretary to certify compliance by producers with the terms and conditions of the plans, and authorizes the Secretary to terminate a contract entered into with a producer under this program if the producer agrees to such termination or the producer violates the terms and conditions of such contract.

Section 1611(g) amends section 506 of the Act (7 U.S.C. 1466) by adding a new subsection that prohibits a reduction of farm program payment yields as a result of participation in the integrated farm management program established under section 1613 of the Food and Agricultural Resources Act of 1990. Section 1611(g) also amends section 107(D)(f), 105(c)(f), 103A(f), and 101A(f) of the Agricultural Act of 1949 relating to the commodities of wheat, feed grains, rice, and cotton to direct the Secretary to make fair and equitable adjustments in acreage limitation or set-aside requirements applicable to producers participating in the program, giving due consideration to crop rotations, soil and water conservation practices, and other appropriate factors resulting from the implementation of the integrated farm management plan required under section 1613 of the Food and Agricultural Resources Act of 1990 or, if the Secretary determines that the reduction in program crop production and total crop production on the farm of a producer participating in the program will equal or exceed any such reduction in crop production that would occur on such farm as a result of acreage limitation or set-aside requirements for such farm, direct the Secretary to waive such acreage limitation or set-aside requirements for such farm.

Section 1611(g) also provides for base and payment protection for producers of wheat, feed grains, rice and cotton who participate in the program by amending sections 107D(c)(1), 105C(c)(1), 103A(c)(1) and 101A(c)(1), to require, in the case of a producer who is participating in the program established by section 1613 of the Food and Agricultural Resources Act of 1990, in the calculation of crop acreage bases and payments to be made to such producer, that portion of the base acreage of a producer that is devoted to a resource-conserving crop as part of a resource-conserving crop rotation to be considered as part of the individual farm program acreage for the crop, to require the Secretary to eliminate any program payments such producer is otherwise eligible to receive if such producer hays or grazes the enrolled acreage during the 5-month period in each State during which haying and grazing of conserving use acres is not allowed under the provision of this Act, or before the producer harvests the small grain crop in kernel form, whichever is sooner and to require the Secretary, only for the purpose of establishing

crop payment base, to make such adjustments as the Secretary determines to be fair and equitable to reflect resource-conserving crop rotation practices that were maintained by producers prior to participation in the program and to reflect such other factors as the Secretary determines should be considered, except that the total of such adjustments in any year shall not exceed the total farm program savings in the same year that would result from the implementation of approved integrated farm management plans.

Section 1611(g) also prohibits producers enrolled in a resource-conserving crop rotation from receiving payments under farm programs for wheat, feed grains, rice, or cotton under the Agricultural Act of 1949 on traditionally under-planted acreage, which is defined for the purpose of section 1611(g)(4) to mean that 3 year average acreage that is part of a producer's base and is permitted to be planted but is not planted, minus the portion of the crop base subject to an ARP or required to be set aside for the current crop year. In the case of producers participating in a program authorized under section 101B(c)(1)(B), section 103B(c)(1)(B), section 105A(c)(1)(B), or section 107A(c)(1)(B) of the Agricultural Act of 1949 to mean 8 percent of the producer's permitted planting acreage.

Section 1611(h) directs the Secretary to submit to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate, not later than April 1, 1991, and each April 1 thereafter, a report describing the progress of the program including a summary and analysis of participation rates, implementation, and economic and environmental impact of the program, by geographical region, farm type, farm size, and other relevant subdivisions, a description of administration, technical assistance, and certification procedures undertaken to carry out such program, and such other information as the Secretary deems appropriate.

Section 1612—Soil and water activities

Section 1612(a) states the declaration of Congress that an additional purpose of the Secretary is to aid in protecting and improving the quality of water.

Section 1612(b) directs the Secretary, when reviewing conservation plans for compliance certification, to determine the impact that such plans may have on agriculture and water quality planning and to complete this determination by January 1, 2000.

Section 1612(c) directs the Secretary, through the Chief of the Soil Conservation Service, to determine within six months after the date of the enactment of this Act whether the natural resources inventory can be modified to acquire useful information on water conditions and surface conditions that affect water quality and supply and, in making this determination, to consider the costs, limitations, opportunities, and capability of expanding the inventory to include water matters, and whether the natural resources inventory can be integrated with alternative sources of data on water from Federal and State agencies.

Section 1612(d) directs the Secretary to submit an annual report to the Committee on Agriculture of the House of Representatives, the Committee on Agriculture, Nutrition, and Forestry of the Senate, and the Director of the Office of Environmental Quality for

inclusion in the report required under section 1611(f)(3) of the Act that specifies——

(1) activities and accomplishments of the Soil Conservation Service during the preceding year, including measures taken to enhance the ability of the Service to address water contamination problems;

(2) plans of the Chief for the subsequent year, including measures expected to be taken to enhance the ability of the Service to address water contamination problems; and

(3) progress made in carrying out the purpose stated in section 1612(a).

It is the Committee's intent that each committee established under subsection (a) shall be administered through and report to the State Conservationist of the Soil Conservation Service.

Section 1613—Cost sharing for soil enhancement

Section 1613(a) amends section 8(b) of the Soil Conservation and Domestic Allotment Act (16 U.S.C. 590h) to expand the authority of the Secretary to provide financial assistance to agricultural producers for carrying out other measures that enhance soil fertility and physical characteristics of the soil.

Section 1613(b) also amends section 8 of the Soil Conservation and Domestic Allotment Act (16 U.S.C. 590l) by adding a new subsection that authorizes the Secretary to enter into agreements with producers on farms to provide 50 percent cost-sharing assistance for the costs of establishing short-term stands of soil-building legumes and legume-grass mixtures on harvested or reduced acres when applying a resource-conserving crop rotation, except when planted on acres on which farm program payments are received. Section 1613(g) also defines, for the purposes of section 1613(b), the terms "legumes", "grasses", and "short term stands of soil building legumes or legume-grass mixtures", states that producers are not ineligible under section 1613 solely because they plant on land eroding at rates less than the tolerable rate, authorizes assistance to be denied under section 1613 if the local Soil Conservation Service office determines that due to the presence of soil nitrates planting of the legume will result in excessive leaching of nitrates into groundwater, and makes herbicide purchases and applications ineligible for assistance under this subsection.

Section 1614—Extension of Great Plains Conservation Program

Section 1614 reauthorizes the Great Plains Conservation program through September 30, 2001 and increases the amount authorized for the program to $900,000,000.

Section 1615—Amendment to the Watershed Protection and Flood Prevention Act

Section 1615 amends section 3(6) of the Watershed Protection and Flood Prevention Act (16 U.S.C. 1003(6)) to authorize the Secretary to assist local organizations in preparing and carrying out plans for works of improvement to enter into agreements with landowners, operators and occupiers of lands within areas planned of works of improvement under such Act to enhance the water quality on such lands.

Section 1616—Resource Conservation and Development Program eligibility

Section 1616 amends section 1536 of the Agriculture and Food Act of 1981 (16 U.S.C. 3459) to increase the number of active designated areas authorized to receive financial assistance under the Resource Conservation and Development Program to 450.

Section 1617—Amendment to the Noxious Weed Act

Section 1617 adds a new section to the Federal Noxious Weed Act of 1974 (7 U.S.C. 2801 et seq.).

The new section 15(a) requires each Federal agency to—

(1) designate an office or person adequately trained in the management of undesirable plant species to develop and coordinate an undesirable plants management program for control of undesirable plants on Federal lands under the agency's jurisdiction;

(2) establish and adequately fund an undesirable plants management program through the agency's budgetary process;

(3) complete and implement cooperative agreements with State agencies regarding the management of undesirable plant species on Federal lands under the agency's jurisdiction; and

(4) establish integrated management systems to control or contain undesirable plant species targeted under cooperative agreements.

The new section 15(b) requires Federal agencies to complete any environmental assessments or impact statements required under the National Environmental Policy Act of 1969 (42 U.S.C. 4321 et seq.) to implement plant control agreements, within 1 year after the requirement for such assessment or statement is ascertained.

The new section 15(c) requires a Federal agency to enter into cooperative agreements with State agencies to coordinate the management of undesirable plant species on Federal lands and directs that the cooperative agreement—

(1) prioritize and target undesirable plant species or group of species to be controlled or contained within a specific geographic area;

(2) describe the integrated management system to be used to control or contain the targeted undesirable plant species or group of species; and

(3) detail the means of implementing the integrated management system, define the duties of the Federal agency and the State agency in prosecuting that method and establish a time frame for the initiation and completion of the tasks specified in the integrated management system.

The new section 15(d) exempts Federal agencies from carrying out programs under section 15 on Federal lands if there are no such programs being implemented on State or private lands.

The new section 15(e) defines, for the purpose of section 15 the terms "Cooperative Agreement", "Federal agency", "Federal lands", "integrated management systems", "interdisciplinary approach", "State agency", and "undesirable plants".

The new section 15(f) directs the Secretary to exercise the authority granted in the Federal Noxious Weed Act of 1974 to control

the spread of undesirable plants as a result of transporting seeds or commodities to or from Federal lands.

It is the purpose of this section to require the Federal government to enter into written agreements with State agencies that wish to do so to assure that coordinated management of undesirable plant species on Federal lands.

The Committee recognizes that no single approach will succeed in controlling the spread of noxious weeds. Therefore, this section specifically requires the use of an integrated management system which seeks to utilize an optimum level of various approaches, including education, preventive measures, physical and mechanical activities, use of herbicides and biological agents, and other methods as contained in the section.

TITLE XVII—FOOD STAMP AND RELATED PROVISIONS

Title XVII contains various amendments to the Food Stamp Act of 1977 (referred to in this title as the "Act") and related provisions.

Section 1700—Short title; reference to Food Stamp Act of 1977

Section 1700 provides that this title may be cited as the "Mickey Leland Memorial Domestic Hunger Relief Act" and that in this title the Food Stamp Act of 1977 be referred to as the "Act".

SUBTITLE A—REDUCING CHILDHOOD HUNGER

Section 1701—Households with high shelter expenses

Section 1701 amends section 5(e) of the Act to allow all households to deduct high shelter costs when computing income to determine program eligibility and benefit levels when shelter expenses exceed 50 percent of their net incomes. Currently that deduction may not exceed $177 a month except for households with elderly or disabled members for whom no cap applies. The amendment raises the cap on excess shelter expense deductions to: in the twelve months ending September 30, 1991, $219 a month in the forty-eight contiguous States and the District of Columbia, and, in Alaska, Hawaii, Guam, and the Virgin Islands of the United States, $380, $312, $265, and $161 a month, respectively; in the twelve months ending September 30, 1992, $234 a month in the 48 contiguous States and the District of Columbia, and, in Alaska, Hawaii, Guam, and the Virgin Islands of the United States, $406, $333, $283, and $172 a month, respectively; and in the twelve months ending September 30, 1993, $283 a month in the 48 contiguous States and the District of Columbia, and, in Alaska, Hawaii, Guam, and the Virgin Islands of the United States, $491, $403, $343, and $208 a month, respectively. Section 1701 removes the cap on excess shelter expense deductions after September 30, 1993.

Section 1702—Basic benefit level

Section 1702 amends the definition of "Thrifty food plan" in section 3(o) of the Act to adjust the cost of the diet to reflect:

(1) on October 1, 1990, 103 percent of the cost of the thrifty food plan in the preceding June, as determined by the Secretary of Agriculture (hereafter referred to in this part of this

report as the "Secretary"), and rounded to the nearest lower dollar increment for each household size;

(2) on October 1, 1991, 103 and one-third percent of the cost of the thrifty food plan in the preceding June (without regard to the previous adjustment referred to in item (1)), as determined by the Secretary, and rounded to the nearest lower dollar increment for each household size;

(3) on October 1, 1992, 103 and two-thirds percent of the cost of the thrifty food plan in the preceding June (without regard to any previous adjustments referred to in items (1) and (2)), as determined by the Secretary, and rounded to the nearest lower dollar increment for each household size;

(4) on October 1, 1993, 104 percent of the cost of the thrifty food plan in the preceding June (without regard to any previous adjustments referred to in items (1), (2) and (3)), as determined by the Secretary, and rounded to the nearest lower dollar increment for each household size;

(5) on October 1, 1994, and on every October 1 thereafter, adjust the cost of such diet to reflect 105 percent of the cost of the thrifty food plan in the preceding June, (without regard to any previous adjustments referred to in items (1), (2), (3), (4) or this item) as determined by the Secretary, and rounded to the nearest lower dollar increment for each household size.

Section 1702 further amends section 3(o) of the Act to provide that in adjusting the cost of the Thrifty Food Plan in Alaska and Hawaii to reflect the cost of the thrifty food plan in the preceding June, the Secretary must, in any year in which the cost of the thrifty food plan in June is not available for Alaska and Hawaii, use the average cost of such plan in Alaska and Hawaii, respectively, for the six-month period ending in June, adjusted by a percentage equal to the average percentage difference, for all years in which the monthly cost of the thrifty food plan is available for Alaska and Hawaii, between the cost of such plan in June and the average of the monthly cost of such plan for the six-month period ending in June.

Section 1703—Continuing benefits to eligible households

Section 1703 amends the definition of initial month in section 8(c)(2)(B) of the Act to mean the first month for which an allotment is issued to a household following any period of more than one month in which the household was not participating in the Food Stamp Program under this Act after previous participation in the program.

Section 1704—Emergency food for disaster victims

Section 1704 adds a new section 5(h)(3) of the Act to provide that:

(1) the Secretary must provide, by regulation, for emergency allotments to eligible households to replace food destroyed in a disaster;

(2) such regulations must provide for replacement of the value of food actually lost up to a limit approved by the Secretary not greater than the applicable maximum monthly allotment for the household size;

(3) the Secretary must adjust reporting and other application requirements to be consistent with what is practicable under actual conditions in the affected area; and

(4) in making this adjustment, the Secretary must consider the availability of the State agency's offices and personnel and any damage to or disruption of transportation and communication facilities.

Section 1705—Clothing allowances and general assistance vendor payments

Section 1705(a) amends section 5(d)(5) of the Act to exclude from consideration as income any allowance for the purpose of obtaining school clothes that a State agency provides no more frequently than annually, to families with children on the occasion of those children entering or returning to school or child care.

Section 1705(b)(1) also amends section 5(k)(1)(B) of the Act to replace a provision requiring that assistance provided to a third party on behalf of a household by a State or local government be included in income if it is provided in lieu of a benefit payable to the household for *living expenses* under a State or local general assistance program, or another basic assistance program comparable to general assistance (as determined by the Secretary), with a requirement that assistance provided to a third party on behalf of a household by a State or local government be included in income if it is provided in lieu of a benefit payable to the household for *housing expenses* (not including energy on utility-cost assistance) under a State or local general assistance program, or another basic assistance program comparable to general assistance (as determined by the Secretary).

Section 1705(b)(2) also amends section 5(k)(2) of the Act to exclude from income all assistance provided to a third party on behalf of a household under a State or local general assistance program, or another local basic assistance program comparable to general assistance (as determined by the Secretary), if, under State law, no assistance under such program may be provided directly to the household in the form of a cash payment.

Section 1706—Participants in demonstration projects

Section 1706 amends section 17(b)(1) of the Act to provide that no waiver or demonstration program may be approved under the Act unless (A) any household whose food assistance is issued in a form other than coupons has its allotment increased to the extent necessary to compensate for any State or local sales tax that may be collected in all or part of the area covered by the demonstration project, or the tax is waived on purchases of food, and the State agency conducting such demonstration project pays the cost of such increased allotments, or (B) the Secretary determines on the basis of information provided by the State agency that such increase is unnecessary on the basis of the limited nature of the items subject to such State or local sales tax. Waiver and demonstration projects are not subject to these requirements if they (A) already provide a household with assistance that exceeds that which the household would otherwise be eligible to receive by more than the estimated amount of any sales tax on the purchases of food that would be col-

lected from the household in the project area in which the household resides, or (B) are operating as of the date of enactment of this Act.

Section 1707—Alternative method of issuance

Section 1707 amends section 7 of the Act by adding a new subsection providing that:

(1) Any State agency may, with the approval of the Secretary, implement an on-line electronic benefit transfer system in which household benefits are issued from and stored in a central data bank and electronically accessed by household members at the point-of-sale.

(2) No State agency may implement or expand an electronic benefit transfer system without prior approval from the Secretary.

(3) The Secretary must issue final regulations effective no later than April 1, 1992 that establish standards for the approval of such a system. The standards must include but not be limited to—

(A) cost-effectiveness of the system to ensure that its operational cost, including the pro-rata cost of capital expenditures, does not exceed, in any one year, the operational cost of issuance systems in use prior to the implementation of the on-line electronic benefit transfer system;

(B) the required level of recipient protection regarding privacy, ease of use, and access to and service in retail food stores;

(C) the terms and conditions of retailer and financial institution participation;

(D) system security;

(E) system transaction interchange, reliability and processing speeds;

(F) financial accountability;

(G) required testing of system operations prior to implementation; and

(H) analysis of the results of system implementation in a limited project area prior to expansion.

(4) In the case of systems described in paragraph (1) in which participation is not optional for households the Secretary must not approve such a system unless—

(A) a sufficient number of eligible retail food stores, including those stores able to serve minority language populations, have agreed to participate in the system throughout the area in which it will operate to ensure that eligible households will not suffer significant reduction in their choice of retail food stores or a significant increase in the cost of food or transportation to participating food stores; and

(B) any special equipment necessary to allow households to purchase food with the benefits issued under this Act is operational at all registers or check-out lines in each participating store.

(5) Administrative costs incurred in connection with activities under this subsection are eligible for reimbursement in ac-

cordance with section 16 of the Act, subject to the limitations in section 16(g).

Section 1708—Improving assistance to the homeless

Section 1708 amends the definition of "Food" in section 3(g)(9) of the Act, in the case of households that do not reside in permanent dwellings and households that have no fixed mailing addresses, to include meals prepared for and served by private establishments that contract with the appropriate agency of the State to offer meals for such persons at concessional prices.

Section 1709—Reduced paperwork for homeless households

Section 1709 amends section 11(e)(3)(E) of the Act to provide that, in certifying households in which all members are homeless individuals, the State agencies must calculate the excess shelter deduction provided in section 5(e) of the Act on the basis of reported expenses for shelter except where the household's report is questionable. Section 1709 further provides that under rules prescribed by the Secretary, State agencies may develop standard estimates of the shelter and related expenses homeless households may reasonably be expected to incur and may certify households based on expenses that do not exceed this estimate.

SUBTITLE B—PROMOTING SELF-SUFFICIENCY

Section 1711—Child support

Section 1711 amends section 5 of the Act by removing the State option to count as income, for purposes of the food stamp program, child support payments that are excluded under section 402(a)(8)(A)(vi) of the Social Security Act. Section 1711 also amends section 5 of the Act to remove the requirement that a State agency pay the Federal Government the cost of any additional benefits provided to households in such State that arise under the food stamp program as the result of the exclusion of child support payments from income for purposes of the food stamp program.

Section 1711 also amends section 5 of the Act to provide that the first $50 of any child support payments for a month received in that month, and the first $50 of child support payments for each prior month received in that month if such payments were made by the absent parent in the month when due, are excluded from consideration as income for purposes of the food stamp program.

Section 1712—Limitation on resources

Section 1712 amends section 5(g) of the Act to provide that the Secretary must, in prescribing inclusions in financial resources for the purpose of determining eligibility for the food stamp program, include any licensed vehicle (other than one used to produce earned income or that is necessary for transportation of a physically disabled household member and any other property, real, or personal, to the extent that it is directly related to the maintenance or use of such vehicle) used for household transportation or used to obtain or continue employment to the extent that the fair market value of any such vehicle exceeds a level set by the Secretary, which will be $4,500 through December 31, 1991, $4,750 from Janu-

ary 1, 1992, through September 30, 1992, $5,000 for fiscal year 1993, $5,250 for fiscal year 1994, and $5,500 for fiscal year 1995. The $5,500 level must be adjusted on October 1, 1995, and on each October 1 thereafter, to reflect changes in the index determined by the Secretary to be most reasonable. Current law requires that the value of such a vehicle be included to the extent that it exceeds $4,500.

Section 1712 amends section 17 of the Act by adding a new subsection providing that the Secretary must conduct a sufficient number of demonstration projects to evaluate the effects, in both rural and urban areas, of counting the fair market value of licensed vehicles to the extent the value of each vehicle exceeds $4,500, but excluding the value of—

(1) any licensed vehicle that is used to produce earned income, necessary for transportation of an elderly or physically disabled household member, or used as the household's home; and

(2) one licensed vehicle used to obtain, continue, or seek employment (including travel to and from work), used to pursue employment-related education or training, or used to secure food or the benefits of the food stamp program.

Section 1713—State option to reduce unnecessary paperwork

Section 1713 amends section 6(c)(2)(C) of the Act by removing the requirement that the State agency designed forms used by households when filing the periodic eligibility information reports must be approved by the Secretary.

Section 1713 also amends section 6(c)(3), which currently requires that reports filed under section 6(c)(1) be considered complete if, in accordance with standards prescribed by the Secretary, they contain sufficient information to enable State agencies to determine household eligibility and allotment levels. Section 1713 requires that such reports be considered complete if they contain the information relevant to eligibility and benefit determinations that is specified by the State agency.

Section 1714—Combined households

Section 1714 amends section 6(d)(1) of the Act by adding the requirement that a State agency must allow a household to select an adult parent of children in the household as its head where all adult household members making application agree to such selection.

Section 1715—Employment and training program expansion

Section 1715 amends the definition of "employment and training program" in section 6(d)(4)(B)(v) of the Act to specify that the educational programs or activities currently contained in the list of programs that are included in such term include programs or activities that improve literacy.

Section 1715 amends section 6(d)(4)(E) of the Act by adding a provision allowing four States, through September 30, 1995, to give priority in the provision of services to voluntary participants, including both exempt and non-exempt participants, but also requiring that giving such priority must not excuse the States from com-

pliance with the performance standards issued under subparagraphs 6(d)(4) (K) and (L), and that the Secretary may, at the Secretary's discretion, approve additional States' requests to give such priority if the Secretary reports to the Congress on the number and characteristics of voluntary participants under the authority granted by section 1715 and such other information as the Secretary determines to be appropriate.

Section 1715 amends the definition of "employment and training program" in section 6(d)(4)(B) of the Act to include programs designed to increase the self-sufficiency of recipients through self-employment, including programs that provide instruction for self-employment ventures.

Section 1715 amends section 5(g) of the Act by excluding nonliquid resources necessary to allow a household to carry out a plan for self-sufficiency approved by the state agency as constituting adequate participation under section 6(d) from financial resources in calculating a household's eligibility for the food stamp program.

Section 1715 also amends section 6(d)(4)(I)(i)(II) of the Act by raising the amount States must reimburse participants for the actual costs of transportation and other actual costs (other than dependant care costs), that are reasonably necessary and directly related to participation in an employment and training program from $25 to $75 per month. Section 1715 also amends section 16(h)(3) of the Act by raising the amount for which the Secretary must reimburse State agencies for such payments from an amount equal to 50 per centum of the total amount of payments made or costs incurred by the State agency in connection with such reimbursement costs representing $25 per participant per month to an amount equal to 50 per centum of the total amount of payments made or costs incurred by the State agency in connection with such reimbursement costs representing $75 per participant per month.

Section 1716—Employment and training allocations

Section 1716 amends section 16(h)(1) of the Act to provide:

(1) that the Secretary must allocate among the State agencies in each fiscal year, from funds appropriated for such fiscal year under section 18(a)(1), the amount of $75,000,000 for each of the fiscal years 1991 through 1995 to carry out the employment and training program under section 6(d)(4), except as provided in paragraph (3), during such fiscal year.

(2) that the Secretary must allocate among the States for fiscal years 1991 through 1995 that portion of funds required to be allocated under item (1) that is not based on State agency performance based upon the ratio of the number of individuals eligible to register for work under section 6(d)(4) in each State divided by the total number of such persons in all States.

(3) the Secretary must allocate an additional $10,000,000 for each of the fiscal years 1991 through 1995 among States that would have received in any such year, under the allocation formula utilized in fiscal year 1990, an amount of funds under item (1), other than funds based on State agency performance, that exceeds the amount that such States receive under the allocation formula required by item (2), in order to maintain the

level of such nonperformance funding provided to such States at the levels provided in fiscal year 1990.

Section 1717—Helping low-income students achieve self-sufficiency

Section 1717 amends section 6(e) of the Act to provide that no individual who is a member of a household otherwise eligible to participate in the food stamp program under this section is eligible to participate in the food stamp program as a member of that or any other household if he or she is enrolled at least half time in an institution of higher education unless he or she:

(1) is under age eighteen or is age 50 or older (current law excludes those between 18 and 60);

(2) is not physically and mentally fit;

(3) is assigned to or placed in an institution of higher education through or in compliance with the requirements of a program under the Job Training Partnership Act, an employment and training program under this section, a program under section 236 of the Trade Act of 1974, or another program for the purpose of employment and training operated by a State (current law includes only individuals assigned or placed through the Job Training Partnership Act);

(4) is employed a minimum of twenty hours per week or participating in a state or federally financed work study program during the regular school year;

(5) is a parent with responsibility for the care of a dependent child under age six or a parent with responsibility for the care of dependent child above the age of five and under the age of twelve for whom adequate child care is not available to enable such individual to attend class and satisfy the requirements of item (4);

(6) is receiving aid to families with dependent children under part A of Title IV of the Social Security Act;

(7) is so enrolled as a result of participation in the work incentive program under Title IV of the Social Security Act or its successor programs; or

(8) is enrolled full-time in an institution of higher education, as determined by such institution, and is a single-parent with responsibility for the care of a dependent child under age 12 (current law does not contain an exception for such single parents).

Section 1717 also amends section 5(d) of the Act to provide for the exclusion from income, for purposes of determining eligibility, of all educational loans on which payment is deferred, grants, scholarships, fellowships, veterans' educational benefits, and the like, (1) to the extent that they are used for tuition and mandatory school fees, including the rental or purchase of any equipment, materials, and supplies required to pursue the course of study involved at a recognized institution of post-secondary education, a school for the handicapped, in a vocational education program, or a program that provides for completion of a secondary school diploma or obtaining the equivalent thereof, (2) to the extent that they do not exceed the amount made available as an allowance determined by such school, institution, or program, for books, supplies, transportation, and other miscellaneous personal expenses (other

than living expenses) of the student incidental to attending such school, institution, or program, and (3) to the extent loans include any origination fees and insurance premiums.

Section 1717 also amends section 5(g) of the Act to exclude the income of eighteen year old students, other than those already in post-secondary education. Current law excludes the earnings of students only up their eighteenth birthday.

Section 5(e) of the Act is further amended to provide that students cannot receive an exclusion from income for expenses that have been paid by educational assistance if such educational assistance has already been excluded from income.

Section 1718—Families in transitional housing

Section 1718 amends section 5(k)(2)(F) of the Act by adding an exclusion from income for food stamp purposes housing assistance payments made to a third party on behalf of a household residing in transitional housing for the homeless in an amount equal to 50 percent of the maximum shelter allowance provided to families not residing in such transitional housing under the States' plan for aid to families with dependent children approved under part A of title IV of the Social Security Act.

SUBTITLE C—SIMPLIFYING PROGRAM ADMINISTRATION

Section 1721—Relatives living together

Section 1721 amends the definition of "household" in section 3(i) of the Act to include (1) an individual who lives alone, (2) an individual who lives with others but customarily purchases food and prepares meals for home consumption separate and apart from the others, and (3) a group of individuals who live together and customarily purchase food and prepare meals together for home consumption. Section 1721 requires that parents and their minor children who live together and spouses who live together be treated as a group of individuals who customarily purchase and prepare meals together for home consumption even if they do not do so.

Section 1722—AFDC/Food stamp simplification

Section 1722 amends section 17 of the Act by adding a provision to require the Secretary to conduct a total of 5 demonstration projects, in both urban and rural areas, under which households in which each member receives benefits under a State plan approved under part A of title IV of the Social Security Act are issued monthly allotments following the rules and procedures of programs under part A of title IV of the Social Security Act, and without regard to the eligibility, benefit, and administrative rules established under this Act other than those terms and conditions specified under this subsection or established by the Secretary to ensure program integrity.

Section 1722 requires that, in carrying out such demonstration projects, the Secretary must ensure that—

(1) the provisions of sections 6(b), 6(d)(2), and 11(e)(1)(B), (3), (4), and (9), the first sentence of section 6(c), the third sentence of section 3(i), and all applicable provisions of this Act dealing

with the treatment of homeless and migrant and seasonal farm worker households are applied;

(2) assistance is furnished to all eligible households who make application for assistance by providing any information—

(a) that is needed by the State agency to determine the correct monthly allotment, and

(b) that has not been provided as part of the household's application for assistance under part A of title IV of the Social Security Act;

(3) eligible households' monthly allotments are calculated under the provisions of section 8(a);

(4) for purposes of determining monthly allotments under the demonstration project, household income—

(a) is equal to the benefit provided under part A of title IV of the Social Security Act and the amount used to determine the household's benefit under such part (not including any amount disregarded for dependent care expenses), except that such amount must be calculated without regard to the provisions of section 402(a)(7)(C) of such Act (42 U.S.C. 602(a)(7)(C)) and must not include nonrecurring lump-sum income and income deemed or allocated to the household under provisions of such part, and

(b) is calculated in such a manner that allows all eligible households the standard, earned income, excess shelter, and medical expense deductions provided under section 5(e) in lieu of any earned income disregards provided under section 402(a)(8) of the Social Security Act (42 U.S.C. 602(a)(8)), or, alternatively, the Secretary may approve demonstration projects under which households without earned income are allowed such standard, excess shelter, and medical expense deductions, and household income for households with earned income is computed allowing such standards and using the earned income disregards provided under section 402(a)(8) of the Social Security Act to the extent that the Secretary determines they are consistent with the purposes of the demonstration projects required under this subsection;

(5) uninterrupted food stamp assistance shall be provided to households who become ineligible to receive such assistance under this subsection but are determined otherwise eligible for food stamp assistance and to households receiving food stamp assistance other than under this subsection who are determined eligible under this subsection.

Section 1722 also permits the use of any other requirements and administrative procedures equivalent to those applicable under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.) in implementing the demonstration projects required under this subsection, if the Secretary determines that such requirements or procedures further the purposes of section 17(i) and do not undermine program integrity.

Section 1722 provides that the demonstration projects under this authority may be carried out during the period beginning October 1, 1990, and ending September 30, 1994. In establishing such

projects, the Secretary must solicit proposals from, and consult with, interested State and local agencies and must consult with the Secretary of Health and Human Services on waivers of Federal rules under part A of title IV of the Social Security Act that would assist in carrying out the projects required under this subsection.

Section 1722 also requires that, no later than March 1, 1995, the General Accounting Office and the Secretary must submit reports to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate evaluating the results of the demonstration projects established under this subsection, including evaluations of the effects on recipients and administrators.

Section 1723—Simplifying resource and eligibility determinations

Section 1723 amends section 5(g) of the Act by adding a provision requiring the Secretary to promulgate rules by which State agencies must develop standards for identifying kinds of resources that, as a practical matter, the household is unlikely to be able to sell for any significant return because the household's interest is so slight or because the cost of selling the household's interest would be so great. Resources so identified must be excluded from income as inaccessible resources.

Section 1723 amends section 5(j) of the Act by providing that any resources of a household member who receives supplemental security income benefits under Title XVI of the Social Security Act or who receives aid to families with dependent children benefits under part of A of the Social Security Act will be deemed to be exempt from the resource requirements prescribed under 5(g), if exempt for purposes of the Social Security Act.

Section 1724—Simplified application signing requirements

Section 1724 amends section 11(e)(2) of the Act, to provide that State agencies must require that an adult representative of each household that is applying for food stamp benefits certify in writing, under penalty of perjury, that the information contained in the household's application is true and that all members of the household are either citizens or are aliens eligible to receive food stamps under section 6(f). The signature of such adult under section 11 is deemed sufficient to comply with any provision of federal law requiring household members to sign the application or statements in connection with the application process.

Section 1725—Categorical eligibility for recipients of state general assistance

Section 1725 amends section 5(a) of the Act by adding a provision making eligible for participation in the food stamp program recipients under State general assistance programs that the Secretary certifies serve a population appropriate to be categorically eligible for assistance under the Act.

Section 1726—Fraud claims repayment

Section 1726 amends section 13(b)(1)(A) of the Act by reducing the number of days a household has to make an election of whether to repay an overissuance of food stamps resulting from fraud by

payment in cash or reduction of its monthly allotment from 30 to 10 days.

Section 1727—Commission on coordination of family support and food stamp policies

Section 1727 establishes a Commission on the Coordination of Family Support and Food Stamp Policies (hereinafter referred to as the "Commission"), consisting of 15 members as follows:

(1) The Secretary of Health and Human Services.

(2) The Secretary of Agriculture.

(3) Two Members of the Senate, one selected by the Majority Leader of the Senate and the other by the Minority Leader of the Senate.

(4) Two Members of the House of Representatives, one selected by the Speaker of the House and the other by the Minority Leader of the House.

(5) Two State Governors, one selected jointly by the Speaker of the House and the Majority Leader of the Senate and the other selected jointly by the Minority Leader of the House and the Minority Leader of the Senate.

(6) Seven other members, including State and local officials responsible for administering the family support and food stamp programs, representatives of welfare advocacy organizations, and individuals with demonstrated expertise in welfare policy, to be selected jointly by the Speaker of the House and the Majority Leader of the Senate in consultation with the Minority Leader of the House and the Minority Leader of the Senate.

Section 1727 provides that the purpose of the commission is—

(1) to study and consider the policies and definitions being implemented or used (under law or administrative practice) in the administration of the family support program under part A of title IV of the Social Security Act and the food stamp program under the Act;

(2) to identify the policies and definitions being implemented or used under each such program which are inconsistent or in conflict with those being implemented or used under the other and to identify those policies and practices implemented or used under each program that result in barriers to the participation of needy persons in those programs; and

(3) to make recommendations for developing common policies and definitions for use under both programs that would eliminate such inconsistency, conflict and barriers to participation to the maximum extent possible in a manner consistent with the protective purposes of the programs.

Section 1727 also provides that the commission must submit to the President and the Congress within one year after the date of the enactment of the Food and Agricultural Resources Act a full and complete report on its study under section 1727, including its recommendations for such legislative, administrative, and other actions as may be considered appropriate.

Section 1727 also authorizes to be appropriated such sums as may be necessary to carry out its provisions.

Section 1728—Dependent care expenses

Section 1728 amends section 5(e) of the Act by raising the dependent care deduction from $160 to $200 per month for each child under age 2 and $175 per month for each other dependent for purposes of computing household income.

Section 1728 amends section 6(d)(4)(I)(i)(II) of the Act by changing the amount of payments or reimbursements State agencies must make to participants in employment and training programs under section 6(d)(4) for the actual costs of dependent care from an amount not to exceed $160 to an amount not to exceed the applicable local market rate as determined by the State using procedures consistent with any such determination under the Social Security Act. Currently those determinations are made for the AFDC program under section 402(g)(1)(C)(ii) of the Social Security Act (42 U.S.C. 602(g)(1)(C)(ii)). When that provision expires on October 1, 1998, State agencies will use procedures consistent with its replacement. Individuals subject to the employment and training program requirements of section 6(d)(4) may not be required to participate if dependent care costs exceed the limit established by the State agency under such section (which limit must not be less than the limit for the dependent care deduction under section 5(e)).

Section 1728 amends section 16(h)(3) of the Act by raising the amount for which the Secretary must reimburse State agencies to reflect the increase in reimbursements to households.

Section 1729—State flexibility in budgeting methods

Section 1729(a) amends section 5(f) of the Act to provide that households must have their incomes calculated on a prospective or retrospective basis, *at State agency option*, except that:

(1) in the first month, or first and second months (at State option) of participation, the State agency must determine eligibility and benefits based on the household's income and other circumstances in the first month, or first and second months;

(2) migrant and seasonal farmworker households, households in which all members are homeless, and households that have no earned income and all of whose adult members are elderly or disabled must have their incomes calculated on a prospective basis; and

(3) households required to submit monthly reports of their income and circumstances must have their income calculated on a retrospective basis (other than for the first month or first and second months).

Section 1729(a) also amends section 5(f) of the Act to require that, in calculating income on a retrospective basis, no household shall have its allotment based on income received in two or more separate months under Titles IV or XVI of the Social Security Act or a State or local general assistance program.

Section 1729(a) further amends section 5(f) of the Act to require States to establish and implement a procedure for the prompt adjustment of benefits for households suffering a severe hardship. This procedure must provide that households not required to report monthly, whose income is calculated on a retrospective basis, and who report an increase in household size, a decrease of $50 or more

in non-excluded income, or an increase of $50 or more in shelter, dependent care, or medical costs must receive benefits reflecting the reported change not later than the next allotment issued 10 or more days after the report of the change. In cases where the next allotment is issued less than 10 days after the report of the change, a supplementary allotment is required.

Section 1729(b) amends section 3(c) of the Act to require that the minimum certification period for households in which all members are homeless be three months.

Section 1729(c) provides that the State agency option for making retrospective or prospective calculations of income is effective on October 1, 1990. Section 1729(c) also provides that the requirements for allotments reflecting severe hardship and barring allotments based on income received in two or more months be effective on October 1, 1990, except that State agencies may not be required to implement the requirements prior to the first month beginning at least 120 days after enactment of this Act. Section 1729(c) further provides that errors resulting from states' implementing provisions of the Act amended by the amendment allowing State agency option for retrospective or prospective calculation of income must be disregarded in establishing quality control error rates for the period October 1, 1990 through the fourth month after enactment of this Act.

Section 1730—Enhanced waiver authority for demonstration projects

Section 1730 amends section 17(b) of the Act amended by adding a new paragraph (3) providing that the Secretary may conduct demonstration projects to test improved consistency or coordination between the food stamp employment and training program and the Job Opportunities and Basic Skills program under title IV of the Social Security Act. Notwithstanding the requirements of section 17(b)(1) of the Act, the Secretary may, as part of such demonstration projects, waive work registration and other requirements under section 6(d) to permit a State to operate an employment and training program for food stamp recipients on the same terms and conditions under which the State operates its Job Opportunities and Basic Skills program for recipients of aid to families with dependent children under part F of title IV of the Social Security Act. Any work experience program conducted as part of authorized demonstration projects must be conducted in conformity with section 482(f) of part F of title IV of the Social Security Act. A State seeking a waiver of the requirements of section 6(d) must provide assurances that the resulting employment and training program meets the requirements of sections 402(a)(19) and 402(g) of part A of title IV of the Social Security Act (but not including the provision of transitional benefits under sections 402(g)(1)(A)(ii) through (vii)) and sections 481–487 of part F of title IV of such Act. Additionally, each reference to "aid to families with dependent children" in those sections is deemed to be a reference to food stamps for purposes of the demonstration project. Furthermore, participation in an employment and training activity in which food stamp benefits are converted to cash may occur only with the consent of the participant.

For the purposes of any demonstration project conducted under section 17(b)(3), the provisions of the Act affecting the rights of recipients may be waived to the extent necessary to conform to the provisions of section 402 of part A and sections 481–487 of part F of title IV of the Social Security Act.

At least 60 days prior to granting final approval of a project under section 17(b)(3), the Secretary must publish the terms and conditions for any demonstration project conducted under that section for public comment in the Federal Register and must notify the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate. Waivers may be granted under section 17(b)(3) to conduct projects at any one time in a total of up to 60 project areas (or parts of project areas), as such areas are defined in regulations in effect on January 1, 1990.

A waiver for a change in program rules may be granted under section 17(b)(3) only for a demonstration project that has been approved by the Secretary, is being evaluated by the Secretary, and that will be in operation for no more than 4 years.

SUBTITLE D—HUNGER IN RURAL AMERICA

Section 1731—Simplified issuance procedures in rural areas

Section 1731 amends section 11(e) of the Act by adding at the end a new paragraph providing that the State plan of operation required by section 11(d) must provide for a procedure for designating project areas, or parts of project areas, that are rural and in which low-income persons face substantial difficulties in obtaining transportation. The State agency must designate such areas according to procedures approved by the Secretary, and in each area, so designated the State agency, must provide for the issuance of coupons by mail to all eligible households in any such area, except that any household with mail losses exceeding levels established by the Secretary is not be entitled to such a mailing and the State agency may not be required to issue coupons by mail in those localities within such area where the mail loss rates exceed standards set by the Secretary. Mail losses include losses due to theft and neglect.

Section 1732—Flexibility for State informational activities

Section 1732 amends section 11(e)(1)(A) of the Act by providing that State agencies may, in the State plan of operation required under section 11(d) of the Act, inform low-income households about the availability, eligibility requirements, application procedures, and benefits of the food stamp program, including those activities allowed under regulations issued under this Act in effect on June 1, 1981.

Section 1732 amends section 16(a) of the Act to provide that the Secretary's authorization to pay to State agencies an amount equal to 50 per centum the administrative costs involved in each State agency's operation of the food stamp program, includes authorization to pay such per centum of the costs of assistance to households, including the costs of counseling activities and prescreening costs.

Section 1733—Vehicles necessary to carry fuel or water

Section 1733 amends section 5(g) of the Act by adding a provision requiring the Secretary to exclude from financial resources the value of a vehicle that a household depends upon to carry fuel for heating or water for home use when such transported fuel or water is the primary source of fuel or water for the household.

Section 1734—Grants to improve food stamp participation of rural Americans, minorities, elderly and homeless

Section 1734 amends section 17 of the Act to require that of the sums appropriated pursuant to section 18, $5,000,000 for each of the fiscal years 1992 through 1995 be used by the Secretary to fund food stamp outreach demonstration projects and related evaluations to increase participation by eligible low income households in the food stamp program through grants competitively awarded to public or private non-profit organizations. No more than 20 percent of the funds specified in this paragraph shall be used for evaluations.

Section 1734 also requires the Secretary to make a grant only to an entity that demonstrates to the Secretary that it is able to conduct the outreach functions described in this subsection.

Outreach projects under this subsection must be targeted toward members of rural, elderly, and homeless populations, low-income working families with children, and non-English speaking minorities.

Section 1734 also requires the Secretary to appoint an advisory panel composed of representatives of the target populations as well as individuals with expertise in the area of program evaluation. This panel will not be subject to the provisions of the Federal Advisory Committee Act.

Section 1734 also requires the Secretary to select recipients for grants, taking into consideration any recommendations from the panel concerning criteria that should be used in selecting recipients, to carry out projects based upon the appropriate methods to reach target populations, which methods should include: the production of electronic media campaigns (with funds not to exceed 15 percent of the total amount of funds specified appropriated); utilization of local outreach workers and volunteers; development of solutions to transportation and access problems; in-service training for those capable of referring households to the program; community presentations and education; pre-screening assistance for program eligibility; individualized client assistance; consultation and referral for benefit appeals; and recruitment of authorized representatives for applicants unable to appear for certification or at authorized food stores.

Section 1734 requires that in selecting grant recipients, the Secretary shall take into consideration the ability of the applicants to produce useful data for evaluation purposes, and give preference among applicant public agencies to those applicants that propose to involve nonprofit organizations in projects to be carried out with such grants.

Section 1734 also requires that at least one grant, in an amount not to exceed $500,000, be provided for the development of outreach

31-912 O - 90 - 28

materials aimed at the general food stamp eligible population along with specific target populations. These materials should include written materials and public service announcements, adaptable for use by other grant recipients. The Secretary will require applicants to provide matching funds equal to 50 percent and shall give preference to applicants demonstrating the ability to disseminate such materials through other public and private non-profit organizations.

Section 1734 further requires the Secretary to evaluate a sufficient number of projects to be able to determine their effectiveness and the techniques employed by such projects which demonstrate: success in reducing barriers to participation, increased overall program participation including that of target populations; administrative effectiveness; program efficiency; and adequacy of administrative resource levels to conduct such activities effectively.

Section 1734 also requires the Secretary to examine and report on previous research regarding reasons for non-participation and effective methods to conduct outreach and reduce barriers to participation. An interim report on the results of the evaluation carried out under this requirement must be provided to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate no later than February 1, 1993, and a final report no later than February 1, 1995.

Section 1734 also requires the Secretary, within 180 days after the date of the enactment of this subsection, to publish a notice to implement this subsection. The Secretary must accept proposals from organizations for projects for fiscal year 1992 for 90 days following the date such notice is published; and begin to award grants under this subsection beginning no later than January 1, 1992.

Section 1734 requires that of the sums appropriated pursuant to section 18 of the Food Stamp Act of 1977, not more than $1,000,000 in fiscal year 1991 be used by the Secretary of Agriculture to make grants to public or private nonprofit organizations or agencies, in one or more areas of the United States, that have projects designed to improve the effectiveness of the food stamp program in delivering food assistance to homeless individuals.

SUBTITLE E—PROMOTING ACCESS FOR THE ELDERLY AND DISABLED

Section 1741—Clarifying amendment concerning simplified procedure for claiming excess medical deduction

Section 1741 amends section 5(e) of the Act to clarify that State agencies may not require further verification of a change in medical expenses if such change has been anticipated by the State agency for the certification period.

Section 1742—Value of minimum benefit

Section 1719 amends section 8(a) of the Act to require that the current $10 a month minimum benefit for one and two person households be adjusted for food price inflation each October 1 and rounded to the nearest $5.

Section 1743—Procedures for issuing aggregate allotments

Section 1743 amends section 8(a) of the Act by adding a new paragraph (2) allowing State agencies to establish procedures that allow households whose regular food stamp benefits do not exceed $20, at their option, to receive, aggregate allotments not to exceed $60 and covering not more than three months' benefits. Such benefits must be provided in accordance with regular and expedited processing standards (except that no household will begin to receive combined allotments until it has complied with all applicable verification requirements) and (with respect to the first aggregate allotment so issued) within forty days of the last coupon issuance.

Section 1743 amends section 13(b)(1)(B) of the Act by adding at the end a provision that requires State agencies to establish a claim for the amount of any benefits issued under section 8(a)(2) for which the household becomes ineligible.

Section 1744—Applicants for supplemental security income

Section 1744 amends section 11(j)(1) of the Act, by providing that any individual who is an applicant for or recipient of supplemental security income (under regulations prescribed by the Secretary in conjunction with the Secretary of Health and Human Services) must be informed of the availability of benefits under the food stamp program and informed of the availability of benefits under the food stamp program and informed of the availability of a simple application to participate in such program at the social security office. Current law limits such requirements to applicants and recipients of social security benefits or supplemental security income who are members of households composed solely of such applicants or recipients.

Section 1745—Asset limits for the disabled

Section 1745 amends section 5(g) of the Act to provide that a household which consists of or includes an elderly or disabled member will not be eligible to participate if its resources exceed $3,000. Current law provides the same financial limitation to households which consist of or include a member who is 60 years of age or older. Households which do include an elderly member are ineligible if the resources of the household exceed $2,000.

Section 1746—Extension of pilot projects

Section 1746 amends section 17(b)(1) of the Act by providing that any pilot or experimental project implemented under section 17(b)(1) and operating as of October 1, 1981, involving the payment of the value of allotments in the form of cash to eligible households all of whose members are either age sixty-five or over or entitled to supplemental security income benefits under title XVI of the Social Security Act must be continued through October 1, 1995 if a State so requests. Current law provides for continuation of such projects through October 1, 1990. Such projects are designed to test program changes that might increase the efficiency of the food stamp program and improve the delivery of food stamp benefits to eligible households.

SUBTITLE F—PROGRAM ADMINISTRATION BY STATE AGENCIES

Section 1751—Quality control sanctions with respect to disallowances before fiscal year 1991

Section 1751 provides that no disallowance or other similar action may be applied to any State for any fiscal year before fiscal year 1991 under section 16(c) of the Act or any predecessor statutory or regulatory provision relating to disallowances for erroneous issuances made in carrying out a State plan under the Act.

Section 1752—Food stamp automation

Section 1752 amends the Act by adding a new section 23 entitled "Automation". Subsection (a) requires that—

(1) the Secretary develop by October 1, 1992, standards for initial approval of automated data processing and information retrieval systems for State agencies and to further develop written procedures for conducting initial approval reviews for systems described in section 16(g);

(2) such standards take into consideration the state of the art in automation technology and those elements identified in section 11(o);

(3) advance planning documents submitted by State agencies and approved by the Secretary after October 1, 1992, meet the standards for initial approval required pursuant to item (1);

(4) modifications or amendments, submitted after October 1, 1992, to advance planning documents meet the standards for initial approval required pursuant to item (1) regardless of when the original advance planning document was submitted to the Secretary for approval;

(5) the deadline for statewide operation of such systems for a State be the earlier of—

(a) September 30, 1994, or

(b) the last day of the sixth month following the date specified for operation of such systems in the State's most recently approved advanced planning document submitted before the date of the enactment of this section;

(6) the Secretary develop by October 1, 1992, a set of performance standards for continued systems approval;

(7) the Secretary develop procedures for conducting reapproval reviews, including specific criteria for reassessing systems operations no less often than every two years to insure that all such performance standards and other requirements are met on a continuous basis; and

(8) in order to receive payments under section 16(g), and not be subject to a penalty pursuant to section 11(g), a State system must be initially approved by the Secretary in accordance with the standards and procedures under item (1), be operational on or before the deadline established under item (5), and, in the fiscal year subsequent to initial approval and continuously thereafter, meet the performance requirements prescribed by the Secretary.

Subsection (b) requires that the Secretary, with respect to State automation systems—

(1) provide that reviews for reapproval, conducted before October 1, 1994, be for the purpose of developing a systems performance data base and assisting State agencies to improve their systems;

(2) insure that review procedures, performance standards, and other requirements developed under item (1) are sufficiently flexible to allow for differing administrative needs among the State agencies, and that such procedures, standards, and requirements are of a nature that will permit their use by State agencies for self-evaluation;

(3) notify all State agencies of proposed procedures, standards, and other requirements at least two quarters prior to the fiscal year in which such procedures, standards, and other requirements will be used for conducting reviews for reapproval;

(4) provide technical assistance to State agencies in the development and improvement of the systems so as to continually improve the capacity of such systems;

(5) develop and disseminate clear definitions of those types of reasonable costs relating to State systems that are reimbursable under the provisions of section 16;

(6) allow State agencies the option of contracting with private vendors for the development or operation of approved systems; and

(7) report on or before October 1, 1993, to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate on the extent to which State agencies have developed and are operating effective systems.

Subsection (c) provides that—

(1) the Secretary may waive some or all of the provisions of section 23 with respect to the operation and approval of automated food stamp program and information retrieval systems with respect to any State that—

(a) has a 1988 population (as reported by the Bureau of the Census) of less than one million and made total expenditures (including Federal reimbursement) for which Federal financial participation is authorized under the Act of less than $25 million in federal fiscal year 1989 (as reported by such State agency for such year), or

(b) reasonably demonstrates that the application of such provision, in whole or in part, would not significantly improve the efficiency of the administration of such State agency's plan under this Act;

(2) if the Secretary determines that the application of the provisions of section 23, other than subsection (c), to a State agency would significantly improve the efficiency of the administration of the State agency's plan under the Act, the Secretary may withdraw the State agency's waiver under item (1) and must impose a timetable for such State agency with respect to compliance with the provisions of section 23(a).

Subsection (d) provides that—

(1) the Secretary may waive requirements under section 23 if the Secretary determines that a State agency is unable to comply for good cause;

(2) any such waiver must be subject to review no less frequently than once every two years.

Subsection (f) provides that the Secretary must pay each State agency with an approved system an amount greater than 50 percent but not in excess of 75 percent of the operational cost of such system for any year following the fiscal year in which the Secretary determines that such State agency is operating a significantly more effective and efficient program. The total of such payments must equal $25,000,000 in fiscal year 1994 and $30,000,000 in fiscal year 1995.

Section 1752 amends section 11(g) of the Act to provide that if the Secretary determines that a State agency has failed without good cause to comply with the requirements established pursuant to section 23 the Secretary must immediately inform such State agency of such failure and must allow the State agency a specified period of time for the correction of such failure. If the State agency does not correct such failure within the specified period, the Secretary may refer the matter to the Attorney General with a request that injunctive relief be sought to require compliance forthwith by the State agency and, upon suit by the Attorney General in an appropriate district court of the United States and a showing that noncompliance has occurred, appropriate injunctive relief must issue. Whether or not the Secretary refers such matter to the Attorney General, the Secretary must proceed to withhold from the State such funds authorized under sections 16(a), 16(c), and 16(g) of the Act as the Secretary determines to be appropriate, subject to administrative and judicial review under section 14 of the Act.

SUBTITLE G—PROGRAM INTEGRITY

Section 1761—Authorization of wholesale food concerns

Section 1761 amends section 9(b)(1) of the Act by adding a provision requiring that no combined wholesale and retail food concern can be authorized to accept and redeem coupons as a retail food store unless—

(1) it does a substantial level of retail food business, or

(2) the Secretary determines that failure to authorize such a food concern as a retail food store would cause hardship to food stamp households.

Section 1762—Required submission of social security numbers and taxpayer identifying numbers of retail food stores and wholesale food concerns

Section 1762 amends section 9(c) of the Act by adding provisions requiring that regulations issued under the Act require an retail food store or wholesale food concern:

(1) To submit to the Secretary the social security numbers of the officers and on-site managers of such applicant retail food store or wholesale food concern and, in the case of a privately owned applicant, provide the social security numbers of the owners of such applicant.

(2) Each approved retail food store or wholesale food concern, must submit to the Secretary the taxpayer identification

number applicable under the Internal Revenue Code of 1986 to such store or concern.

Current law provides only that such applicants submit to the Secretary information that will permit a determination to be made as to whether such applicant qualifies, or continues to qualify, for approval under the provisions of this Act or the regulations issued pursuant to the Act.

Section 1763—Biennial reauthorization of retail food stores

Section 1763 amends section 9(a) of the Act by adding at the end a new paragraph authorizing the Secretary to issue regulations providing for a biennial reauthorization of retail food stores and wholesale food concerns that accept and redeem coupons under the food stamp program.

Section 1764—Per-violation civil money penalty for coupon trafficking and permanent disqualification for certain abuses

Section 1764 amends section 12(b)(3) of the Act to authorize the Secretary to impose on an approved retail store or wholesale food concern, a civil money penalty of up to $20,000 for each violation, in lieu of permanent disqualification, for the purchase of coupons or trafficking in coupons or cards that constitutes a violation of the provisions of the Act or the regulations, if the Secretary determines that there is substantial evidence that such store or food concern had an effective policy and program in effect to prevent violations of the Act and the regulations. Current law provides that the Secretary may impose such a penalty for such violations but does not specify that such penalty may be imposed for each violation.

Section 1764 provides for permanent disqualification for such stores or food concerns upon a finding of the sale for coupons of firearms, ammunition, explosives, or controlled substances (as such term is defined in title II, section 102 of the Comprehensive Drug Abuse Prevention and Control Act of 1970).

Section 1765—Fines for retail food stores and wholesale food concerns that accept loose coupons

Section 1765 amends section 12(e) of the Act by adding at the end a new paragraph providing that the Secretary may impose a fine on any retail food store or wholesale food concern that accepts food coupons that are not accompanied by the corresponding book cover, other than the denomination of coupons used for making change as specified in regulations promulgated under this Act. The amount of any such fine must be established by the Secretary and may be assessed and collected in accordance with regulations promulgated under this Act in combination with any fiscal claim established by the Secretary. The Attorney General of the United States may institute judicial action in any court of competent jurisdiction against such store or concern to collect such fine.

Section 1766—Fines for unauthorized third parties that accept food stamps

Section 1766 amends section 12 of the Act by adding at the end a new subsection providing that the Secretary may impose a fine

against any person not approved by the Secretary to accept and redeem food coupons who violates any provision of this Act or the regulations promulgated under this Act including violations concerning the acceptance of food coupons. The amount of any such fine must be established by the Secretary and may be assessed and collected in accordance with regulations promulgated under this Act in combination with any fiscal claim established by the Secretary. The Attorney General of the United States may institute judicial action in any court of competent jurisdiction against such person to collect such fine.

Section 1767—Computer fraud penalties

Section 1767 amends section 3 of the Act by adding a subsection to define "access device" as any card, plate, code, account number, or other means of access of a type that is used under the Act or regulations, alone or in conjunction with another access device, to obtain payments, allotments, benefits, money, goods, or other things of value, or to initiate a transfer of funds.

Section 1767 amends Section 15(b) to provide that any person who knowingly uses, transfers, acquires, alters, or possesses coupons, authorization cards, or access devices in any manner contrary to the Act or regulations, if such coupons or authorization cards are of a value of $100 or more or if the item used, transferred, acquired, altered, or possessed is an access device, is guilty of a felony. Current law omits the reference to access devices and prohibits uses, transfers, acquisitions, alterations, and possessions that are not authorized by, rather than those that are contrary to the Act or regulations.

Section 1767 conforms section 15(g) of the Act by authorizing the Secretary to subject to forfeiture anything of value obtained by the use of an access device in a manner contrary to the Act or regulations.

Section 1768—Unlawful use of coupons in laundering monetary instruments

Section 15(b)(1) is amended to provide that any person who knowingly uses, transfers, acquires, alters, or possesses coupons, authorization cards, or access devices in any manner contrary to the Act or regulations, if such coupons or authorization cards are of a value of $5,000 or more, is guilty of a felony and must be fined not more than $250,000 or imprisoned for not more than twenty years, or both.

Section 1769—Issuance of warning letters

Section 1769 amends section 12(a) of the Act to authorize the Secretary to issue a warning letter to, instead of imposing a civil money penalty on, a retail or wholesale food concern that violates the Act or regulations.

SUBTITLE H—THE COMMODITY DISTRIBUTION PROGRAMS

Section 1771—TEFAP commodity availability

Section 1771 amends the Temporary Emergency Food Assistance Act of 1983 (hereafter in this report referred to as TEFAP) by renaming it the Emergency Food Assistance Act.

Section 1771 adds a provision allowing State agencies, with the approval of the Secretary, to determine the eligibility of a public or nonprofit organization for TEFAP commodities on the basis of its service to a substantial number of low-income persons rather than by individual income eligibility determinations if this will reduce administrative burdens to the agency and ensure that most program recipients are low-income persons.

Section 1771 also adds a provision to TEFAP allowing the Secretary to make a portion of commodities acquired by the Commodity Credit Corporation available to TEFAP feeding organizations whenever such commodities are made available for donation to domestic food programs in amounts that exceed Federal obligations for such donations.

Section 1771 also retains a provision in TEFAP allowing the Secretary to distribute commodities that become available on a seasonal or irregular basis to emergency feeding organizations.

Section 1771 also adds a provision to TEFAP requiring the Secretary as early as feasible but not later than the beginning of each fiscal year, publish in the Federal Register an estimate of the types and quantities of commodities that the Secretary anticipates are likely to be made available under the commodity distribution program under the Act during such fiscal year. The actual types and quantities of commodities made available by the Secretary under the Act may differ from such estimates.

Section 1771 also amends the Commodity Distribution Reform Act and WIC Amendments of 1987 to reflect the change in the title of TEFAP.

Section 1772—Food bank projects

Section 1772 amends the Commodity Distribution Reform Act and WIC Amendments of 1987 by making permanent the food bank projects established to provide and redistribute agricultural commodities and food products as authorized under section 32 of the Act entitled "An Act to amend the Agricultural Adjustment Act, and for other purposes" (7 U.S.C. 612c) to needy individuals and families through community food banks.

Section 1772 also amends the Commodity Distribution Reform Act and WIC Amendments of 1987 by extending the report requirements in that Act. No later than July 1, 1991, the Secretary must submit a report to Congress on each project carried out under section 1772. Thereafter, the Secretary must submit biennial reports to Congress on such projects. As in current law, such reports must include analyses and evaluations of the provision and redistribution of agricultural commodities and food products under such projects, recommendations regarding improvements in the provision and redistribution of agricultural commodities and food products to community food banks, and the feasibility of expanding this

method of provision and redistribution of agricultural commodities and food products to other community food banks.

Section 1773—Authorizing a commodity supplemental food program for the elderly and increasing administrative funding

Section 1773 amends the Agriculture and Consumer Protection Act of 1973 by adding to the commodity supplemental food program serving women, infants and children, a provision for elderly persons.

Section 1773 also increases the amount of administrative funding from an amount not to exceed 15 per centum of the sum of the amount appropriated for the commodity supplemental food program and the value of all additional commodities donated by the Secretary to State and local agencies to an amount not less than 20 percent of the amount appropriated for the Commodity Supplemental Food Program and 15 percent of the value of all donated commodities.

Section 1773 also adds to the existing law a provision for the approval of additional sites to include sites that serve only elderly persons, in areas in which the program does not operate to the full extent possible with the available appropriations for the program.

Section 1774—Food distribution program advance funding for state option contracts

Section 1774 amends the Commodity Distribution Reform Act and WIC Amendments of 1987 (7 U.S.C. 612c note) by inserting a new section entitled "State Option Contracts for Commodities". Under that section the Secretary may use the funds of the Commodity Credit Corporation and the funds available to carry out section 32 of the Act of August 24, 1935 to pay for all or a portion of the cost, as agreed upon with the State distribution agency, of food or the processing or packaging of food on behalf of a State distribution agency. In such cases, the State distribution agency must reimburse the Secretary for the agreed upon cost.

Any funds received by the Secretary as reimbursement must be deposited to the credit of the Commodity Credit Corporation or the appropriation originally charged for such costs, as appropriate. If the State distribution agency fails, within 150 days of delivery, to make the required reimbursement in full, the Secretary must, within 30 days, offset any outstanding amount against the appropriate account.

Section 1775—Clarifying amendment

Section 1775 amends the Commodity Distribution Reform Act and WIC Amendments of 1987 to clarify that food banks are included among the recipient agencies represented under the National Commodity Distribution Advisory Council.

Section 1776—Distribution of milk

Section 1776 amends section 110(c) of the Hunger Prevention Act of 1988 by adding a provision requiring the Secretary to make milk acquired by the Commodity Credit Corporation available to States for distribution to food banks and soup kitchens when such milk is

made available for donation to domestic food programs during fiscal years 1991 through 1995.

Section 1777—Commodity assistance for infants and children

Section 1777 amends section 4(a) of the Agriculture and Consumer Protection Act of 1973 by including hospitals and facilities caring for needy infants and children in the group of institutions eligible to receive agricultural commodities purchased and distributed by the Secretary from the general fund of the Treasury under that Act.

Section 1777 amends section 416(a)(3) of the Agricultural Act of 1949 to authorize the Secretary to distribute food commodities acquired through price support operations by the Commodity Credit Corporation to hospitals and facilities caring for needy infants and children. Current law allows for distribution of such commodities to charitable institutions, including hospitals to the extent needy persons are served, but does not specify that facilities and hospitals caring for needy infants and children are eligible to receive such commodities.

SUBTITLE I—REAUTHORIZATION OF PROGRAMS

Section 1781—Reauthorization of food stamp program and elimination of specified authorization levels

Section 1781 amends section 18 of the Act by authorizing to be appropriated such sums as are necessary for the fiscal years 1991 through 1995 to carry out the provisions of the Act. Section 1781 also amends the Secretary's reporting requirements. Under current law the Secretary must report to Congress whether reductions in the value of allotments issued to households certified to participate in the food stamp program will be necessary. Section 1781 requires the Secretary to report whether supplemental appropriations will be needed to support the operation of the program through the end of the fiscal year.

Section 1781 also amends the provisions governing the actions the Secretary must take to limit the value of allotments issued. Under current law, the Secretary is required to direct State agencies to reduce the value of such allotments upon a finding that the requirements of participating States will exceed the amount authorized in section 18(a)(1) of the Act. Section 1781 requires the Secretary to so direct State agencies upon a finding that such requirements will exceed the appropriation itself.

Section 1782—Reauthorization of nutrition assistance program for Puerto Rico

Section 1782 reauthorizes the Nutrition Assistance Program for Puerto Rico through fiscal year 1995. The Secretary is required to pay to the Commonwealth of Puerto Rico $985,000,000 for fiscal year 1991, $1,029,000,000 for fiscal year 1992, $1,074,000,000 for fiscal year 1993, $1,121,000,000 for fiscal year 1994, and $1,170,000,000 for fiscal year 1995, to finance 100 percent of the expenditures for food assistance provided to needy persons and 50 percent of the administrative expenses related to the provision of such assistance.

Section 1782 also requires the Comptroller General of the United States must conduct a study of—

(1) the nutritional needs of the citizens of the Commonwealth of Puerto Rico, including—

(A) the adequacy of the nutritional level of the diets of members of households receiving assistance under the nutrition assistance program and other households not currently receiving the assistance;

(B) the incidence of inadequate nutrition among children and the elderly residing in the Commonwealth;

(C) the nutritional impact of restoring the level of nutritional assistance provided to households in the Commonwealth to the level of such assistance provided to other households in the United States; and

(D) such other factors as the Comptroller General considers appropriate;

(2) the potential alternative means of providing nutritional assistance in the Commonwealth of Puerto Rico, including—

(A) the impact of restoring the Commonwealth to the food stamp program;

(B) increasing the benefits provided under the nutrition assistance program to the aggregate value of food stamp coupons that would be distributed to households in the Commonwealth if the Commonwealth were to participate in the food stamp program; and

(C) the usefulness of adjustments to standards of eligibility and other factors appropriate to the circumstances of the Commonwealth comparable to those adjustments made under the Act (7 U.S.C. 2011 et seq.) for Alaska, Hawaii, Guam and the Virgin Islands of the United States.

Section 1782 also requires that the Comptroller General submit a final report on the findings of the required study no later than August 1, 1992, to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate.

Section 1783—Reauthorization of the temporary emergency food assistance program

Section 1783 reauthorizes TEFAP through fiscal year 1995. Section 1783 requires the Secretary to spend $175,000,000 during fiscal year 1991 and $190,000,000 during fiscal year 1992 and also authorizes to be appropriated $220,000,000 for each of the fiscal years 1993 through 1995 to purchase, process, and distribute additional commodities under section 214(e) of TEFAP. Any amounts provided for fiscal years 1993 through 1995 will be available only to the extent and in such amounts as are provided in advance in appropriations acts.

Section 1784—Soup kitchens and food banks

Section 1784 reauthorizes through fiscal year 1995 the special distribution of commodities to soup kitchens and food banks under section 110 of the Hunger Prevention Act of 1988 and requires the Secretary to spend $32,000,000 to purchase and distribute such commodities in each of the fiscal years 1991 through 1995.

Section 1785—Reauthorization of commodity supplemental food program and other food donation programs

Section 1785 reauthorizes through fiscal year 1995 the Commodity Supplemental Food Program and other food donation programs under the Agriculture and Consumer Protection Act of 1973. Under this authority the Secretary is authorized to purchase and distribute agricultural commodities with funds appropriated from the general fund of the Treasury.

Section 1785 also requires the Secretary to provide to State agencies administering the commodity supplemental food program, funds to administer such programs from the general fund of the Treasury through fiscal year 1995.

Section 1785 also extends the requirement that the Commodity Credit Corporation, to the extent its inventory levels permit, provide 7,000,000 pounds of cheese to the Secretary and that the Secretary provide such amounts of cheese to the Commodity Supplemental Food Program in each fiscal year through 1995.

Section 1786—Processing agreements

Section 1786 reauthorizes through fiscal year 1995, the national donated commodity processing programs, providing that whenever a commodity is made available without charge or credit under any nutrition program administered by the Secretary, the Secretary must encourage consumption of such commodity through agreements with private companies under which the commodity is reprocessed into end-food products for use by eligible recipient agencies. The expense of reprocessing must be paid by such eligible recipient agencies.

Section 1787—Nutrition education authorization

Section 1787 reauthorizes, through fiscal year 1995, the Nutrition Education Program, which provides food, nutrition, and consumer education to low-income individuals. Section 1787 authorizes to be appropriated $8,000,000 annually. The current authorization is $5,000,000 annually.

SUBTITLE J—MISCELLANEOUS; EFFECTIVE DATES

Section 1791—Gleaning assistance

Section 1791 amends section 111 of the Hunger Prevention Act of 1988 by redefining the term "to glean" to mean to collect unharvested crops from the fields of farmers, or to obtain agricultural products from farmers, processors, or retailers, in order to distribute such products to needy individuals, including unemployed and low-income individuals. The term includes only those situations in which agricultural products and access to fields and facilities are made available without charge.

Section 1791 authorizes the Secretary to establish a National Gleaning Clearinghouse (hereafter in this report referred to as the "Clearinghouse") the nature of which is left to the Secretary to define. Through the Clearinghouse, the Secretary is authorized to—

(1) encourage public and nonprofit private organizations to initiate and carry out gleaning activities, and to assist other organizations and individuals to do so, through lectures, corre-

spondence, consultation, or such other measures as the Secretary may deem appropriate;

(2) collect from public and private sources (including farmers, processors, and retailers) information relating to the kinds, amounts, and geographical locations of agricultural products not completely harvested;

(3) gather, compile, and make available to public and nonprofit private organizations and to the public the statistics and other information collected under this paragraph, at reasonable intervals, as determined by the Secretary;

(4) establish and operate a toll-free telephone line by which—

(a) farmers, processors, and retailers may report to the Clearinghouse for dissemination information regarding unharvested crops and agricultural products available for gleaning, and may also report how they may be contacted;

(b) public and nonprofit organizations that wish to glean or to assist others to glean, may report to the Clearinghouse the kinds and amounts of products that are wanted for gleaning, and may also report how they may be contacted;

(c) persons who can transport crops or products may report the availability of free transportation for gleaned crops or products; and

(d) information about gleaning can be provided without charge by the Clearinghouse to the persons and organizations described in items (a), (b), and (c) above;

(5) prepare, publish, and make available to the public, at cost and on a continuing basis, a handbook on gleaning that includes such information and advice as may be useful in operating efficient gleaning activities and projects, including information regarding how to—

(a) organize groups to engage in gleaning; and

(b) distribute to needy individuals, including low-income and unemployed individuals, food and other agricultural products that have been gleaned; and

(6) advertise in print, on radio, television, or through other media, as the Secretary considers to be appropriate, the services offered by the Clearinghouse under section 111 of the Hunger Prevention Act of 1988.

Section 1792—Welfare simplification and coordination advisory committee

Section 1792 establishes an Advisory Committee on Welfare Simplification and Coordination (hereafter in this section referred to as the "Committee") consisting of no fewer than 9 and no more than 15 members appointed by the Secretary of Agriculture, after consultation with the Secretaries of Health and Human Services and Housing and Urban Development, the Commissioner of Social Security, State and local officials responsible for administering the food stamp program, cash and medical assistance programs for low-income families and individuals under the Social Security Act, and programs providing housing assistance to needy families and individuals, and representatives of recipients and recipient advocacy organizations associated with such programs.

The members of the Committee must be persons who have experience in administering food stamp, cash, medical, and housing assistance programs at the Federal, State, and local levels, are familiar with the rules, goals, and limitations of such programs, and have demonstrated expertise in evaluating the operations of and interaction among such programs as they affect administrators and recipients, and must include representatives of the administrators and recipients affected by such programs.

The purpose of the Committee is—

(1) to identify the policies implemented in the food stamp program, cash and medical assistance programs under the Social Security Act, and housing assistance programs (whether resulting from law, regulations, or administrative practice) that, because they differ, make it difficult for those eligible to apply for and obtain benefits from more than one program and restrict the ability of administrators of such programs to provide efficient, timely, and appropriate benefits to those eligible for more than one type of assistance;

(2) to examine the reasons for such different programs and policies and previous efforts to coordinate and simplify such programs and policies;

(3) to evaluate how and the extent to which such different programs and policies hinder the receipt of benefits from more than one program and limit administrators' ability to provide efficient, timely and appropriate benefits;

(4) to recommend common or simplified programs and policies (including recommendations for changes in law, regulations, and administrative practice and for policies that do not currently exist in such programs) that would reduce difficulties in applying for and obtaining benefits from more than one program and increase the ability of administrators of such programs to efficiently provide timely and appropriate assistance to those eligible for more than one type of assistance; and

(5) to describe the effects of such common or simplified programs and policies (including how such common or simplified programs and policies would enhance or conflict with the purposes of such programs, how they would ease the burdens on administrators and recipients, how they would affect program costs and participation, and the degree to which they would change Federal-State relationships in such programs), and the reasons for recommending such programs and policies (including reasons that might be sufficient to override the purposes of individual programs).

Section 1792 also requires the Secretary to provide the Committee with such technical and other assistance, including secretarial and clerical assistance, as may be required to carry out its functions.

Section 1792 also requires members of the Committee to serve without compensation but provides that they will receive reimbursement for necessary travel and subsistence expenses incurred by them in the performance of the duties of the Committee.

Section 1792 also requires the Committee to submit a final report, including recommendations for common or simplified programs and policies and the effects of and reasons for such pro-

grams and policies, to the Congress and the Secretaries of Agriculture, Health and Human Services, and Housing and Urban Development not later than April 1, 1992, and provides that the Committee may submit interim reports to the Congress and such Secretaries as deemed appropriate by the Committee.

Section 1792 also provides that the Committee will expire upon submission of its final report, or at such later time as the Secretary of Agriculture determines appropriate to fulfill its advisory functions.

Section 1793—Nutrition education improvements

Section 1793 amends Section 11(f) of the Act by adding a provision to encourage the purchase of nutritious foods by authorizing grants to provide education to food stamp participants. The Secretary is authorized to assign responsibility for the nutrition education of people eligible for food stamps to the extension service, as defined in section 1404(5) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 in cooperation with the Food and Nutrition Service and the Human Nutrition Information Service.

Section 1793 also amends section 18 of the Act adding a new subsection providing that, of sums appropriated pursuant to section 1793, not more than $2,000,000 in any fiscal year may be used by the Secretary to make two-year competitive grants that will (1) enhance interagency cooperation in nutrition education activities and (2) develop cost effective ways to inform people eligible for food stamps about nutrition, resource management, and community nutrition education programs, such as the expanded food and nutrition education program. Awards will be made to one or more cooperative extension services, as defined in section 1404(5) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977, in coordination with local or State agencies serving low income people. Each project must include an evaluation component and must develop an implementation plan for replication in other States. The Secretary must report to the appropriate committees of Congress on the results of the projects and must disseminate these results through the cooperative extension service system and to State welfare offices, local food stamp program offices, and other entities serving low income households.

Section 1794—Effective dates

Except as otherwise provided in title XVII, the provisions of that title will be effective on October 1, 1990. Sections 1721, 1733 and 1745 will be effective April 1, 1991. Sections 1703, 1711, 1715, 1717, and 1728 will be effective July 1, 1991.

Section 1795—Special provision in case of sequestration

Section 1795 provides that, notwithstanding any other provision of law, if a final order is issued for any of the fiscal years 1991 through 1995 under section 252(b) of the Balanced Budget and Emergency Deficit Control Act of 1985 (2 U.S.C. 902(b)), or any subsequent enactment extending the effect of such provision, and such order is not subsequently rescinded, the amount made available to carry out the food stamp program under section 18 of the Act (7

U.S.C. 2027) must be reduced by the amount equal to the amount of the percentage reduction for domestic programs required under such order multiplied by the additional cost over the preceding year, as contained in the Congressional Budget Office's final estimate of the cost of this Act prior to enactment, of the increases as provided for in sections 1701, 1702, 1711, 1712, 1715(d), 1728 and 1745 of title XVII for the fiscal year for which a final order has been issued.

Section 1795 also provides that the reduction required by section 1795 must be achieved by reducing the increases in the costs of the provisions under sections 1701, 1702, 1711, 1712, 1715(d), 1728 and 1745 effective January 1 of such fiscal year, by one and one-third times the percentage reduction for domestic programs required under such order.

TITLE XVIII—IMPROVEMENT OF THE AGRICULTURAL ECONOMY

SUBTITLE A—GRAIN QUALITY IMPROVEMENTS

Section 1801—Committee on grain quality and grain quality coordinator

Section 1801 requires the Secretary of Agriculture (hereafter referred to in this part of this report as the "Secretary") to establish a Department of Agriculture Committee on Grain Quality that will remain in existence for at least 10 years.

The committee must be chaired by an individual who will serve as the Grain Quality Coordinator (hereafter referred to in this subtitle as the "Coordinator") and carry out the following duties:

(1) assembling and evaluating, in a systematic manner, concerns and problems, expressed by foreign and domestic buyers and end-users, with the quality of United States grain;

(2) developing and implementing a coordinated effort to inform and educate foreign buyers concerning the proper specification of grain purchase contracts to obtain the quality of grain they desire;

(3) reviewing the programs and activities of the Department of Agriculture with respect to United States grain to determine whether the activities are consistent with the provisions of subtitle A of title XVIII (and other provisions of law relating to agriculture) as such provisions relate to grain quality and grain quality competitiveness;

(4) serving as the Federal Government coordinator with respect to grain quality and grain quality competitiveness; and

(5) investigating and communicating through the Secretary, to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate, concerning—

(a) actions undertaken by the Department of Agriculture—

(i) to improve the quality of United States grain; and

(ii) that are inconsistent with the goal of improving grain quality;

(b) conditions in the production and marketing sectors that discourage improvements in grain quality;

(c) interrelationships of rules and actions taken by the Federal Grain Inspection Service, Animal and Plant Health Inspection Service, Agricultural Stabilization and Conservation Service, Food and Drug Administration, Environmental Protection Agency, and other Federal agencies, relating to grain production, handling, storage, transportation, and processing as such actions affect the wholesomeness and performance of grain;

(d) recommendations for legislative or regulatory changes that would address grain quality issues;

(e) progress made and benefits expected from the international harmonization of sanitary and phytosanitary requirements affecting grain;

(f) potential opportunities and benefits from the harmonization of grain grades and standards;

(g) alternative forms of financial and technical assistance available and needed by producers and elevator operators to acquire and properly utilize grain cleaning, drying, and storage equipment; and

(h) progress on requirements of other sections of subtitle A of title XVIII.

Section 1802—Benefits and costs associated with improved grain quality

Section 1802 requires the Secretary to estimate the economic impact, including the benefits and costs and the distribution of such benefits and costs, of any major changes necessary to carry out the amendments made under subtitle A of title XVIII to sections 4, 6, and 7 of the United States Grain Standards Act prior to making such changes.

Section 1803—Classification, grades and standards design framework

Section 1803 amends section 2(b) of the United States Grain Standards Act (7 U.S.C. 74(b)) by adding provisions requiring that official United States standards for grain—

(1) reflect the economic value-based characteristics in the end uses of grain; and

(2) accommodate scientific advances in testing and new knowledge concerning factors related to, or highly correlated with, the end use performance of grain.

Section 1804—Improving the cleanliness of grain

Section 1804 amends section 4(b) of the United States Grain Standards Act (7 U.S.C. 76(b)) by adding a provision that requires the Administrator of the Federal Grain Inspection Service to conduct a study to determine the costs and benefits to the United States grain industry, from producer to end user, of marketing cleaner grain.

The required study must identify—

(1) the need to establish new or revised current factors relating to grain cleanliness; and

(2) appropriate limits for cleanliness factors taking into consideration the technical ability and practicability of the com-

mercial market to comply with such limits, the economic benefits and costs to the grain industry, and domestic and international demand.

If the Administrator determines, after evaluating the results of the required study, that establishing new or revised current factors relating to cleanliness would be in the best economic interest of United States agriculture, the Administrator must establish or amend the standards to include economically and commercially practical levels of cleanliness for the grain. The Administrator must make a determination under this clause no later than 2 years after enactment of this paragraph.

In setting requirements for cleanliness characteristics, the Administrator must—

(1) consider technical constraints, economic benefits and costs to producers and industry, domestic and international demand; and

(2) follow established rule-making procedures, including the solicitation of public comment.

If the Administrator establishes limits on cleanliness characteristics under section 4(b) of the United States Grain Standards Act, the limits must be fully implemented not later than 3 years after the determination is made regarding cleanliness factors. Subsequent revision of cleanliness limits must be conducted consistent with the schedule of the Administrator for reviewing grain standards.

Section 1805—Grade determining factors related to physical soundness and purity

Section 1805 amends section 4 of the United States Grain Standards Act (7 U.S.C. 76) by adding a new subsection (c) which requires the Administrator, in establishing standards under section 4(a) of the United States Grain Standards Act, to establish, for each grain, official grade-determining factors and factor limits that reflect the levels of soundness and purity that are consistent with end-use performance goals of the major foreign and domestic users of each grain for which official grades are established. The soundness and purity levels established for grades No. 3 and better must provide users of such standards the best possible information from which to determine end-use product quality. The Administrator is required to establish factor limits that will provide that grain meeting the requirements for grades No. 3 and better will perform in accordance with general trade expectations for the predominant uses of such grain.

Section 1806—Testing for aflatoxin contamination of corn shipped in foreign commerce; domestic testing standards and procedures

Section 1806 amends Section 5 of the United States Grain Standards Act (7 U.S.C. 77) by adding a new subsection which authorizes and directs the Administrator to require that all corn exported from the United States be tested to ascertain whether it exceeds acceptable levels of aflatoxin contamination.

Section 1806 also requires the Secretary to—

(1) establish uniform standards for testing equipment; and

(2) establish uniform testing procedures and sampling techniques;

that may be used by processors, refiners, the operators of grain elevators and terminals, and others to accurately detect the level of aflatoxin contamination of corn in the United States.

Section 1807—Cargo loading requirements

Section 1807 amends section 7 of the United States Grain Standards Act (7 U.S.C. 79) by adding a new subsection providing that, except as otherwise authorized by the Administrator, or except on the request of a purchaser, all export grain that is officially inspected must be loaded aboard the final carrier according to a plan that provides for certification of quality as accurately as practical.

Section 1808—Prohibition of contamination

Section 1808 amends section 13 of the United States Grain Standards Act (7 U.S.C. 87b) by adding a new subsection (e) authorizing the Administrator to prohibit the contamination of sound and pure grain through the introduction of—

(1) nongrain substances; and

(2) grain that is unfit for the ordinary commercial purposes for which such grain is intended to be used (to the extent that its combination with grades No. 3 or better will preclude the resultant combination from meeting the performance levels expected of such grades and as is required by section 4(c)(1) of the United States Grain Standards Act.

Under subsection (e) in no case is the Administrator permitted to prohibit the blending of an entire grade of grain unless the grade-determining factors are determined to render such mixture unfit for the commercial purposes for which such grain is to be used.

Subsection (e) further provides that prior to taking action under such subsection, the Administrator must follow established rulemaking procedures, including the solicitation of public comment, in identifying and defining actions and conditions subject to prohibition.

Section 1809—Sense of Congress concerning tests for purity

Section 1809 provides that Congress finds that consumers, both internationally and domestically, are aware of, and concerned with, the purity of their food supply.

Section 1809 further provides that it is the sense of Congress that in order to assure buyers of the purity of United States grain, the Federal Grain Inspection Service should, as soon as technically and economically practical, develop tests of mycotoxins and pesticide residues and make such tests available on such impurities in conjunction with official grain inspections established under the United States Grain Standards Act (7 U.S.C. 71 et seq.).

Section 1810—Sense of Congress concerning cooperative enforcement of federal grain purity requirements

Section 1810 provides that Congress finds that the laws and regulations related to the purity and safety of grain that are administered by the Food and Drug Administration and the Environmental

Protection Agency serve to insure the integrity of the United States as a supplier of wholesome grain.

Section 1810 provides that it is the sense of Congress that Federal agencies that are responsible for enforcing the laws and regulations relating to the quality, purity, and safety of grain marketed both domestically and to foreign nations should seek assistance from and cooperate with the Federal Grain Inspection Service in the enforcement of the laws and regulations.

Section 1811—Entry quality standards for all farmer-owned reserve grains

Section 1811 amends section 110 of the Agricultural Act of 1949 (7 U.S.C. 1445e) by adding a new subsection (k). Subsection (k) requires that in announcing the terms and conditions of the producer storage program under section 110(e)(1) of the Agricultural Act of 1949, the Secretary must review standards concerning the quality of grain that may be allowed to be stored under the program, and such standards should encourage only quality grain, as determined by the Secretary, to be pledged as collateral for such loans. Additionally, the Secretary must review inspection, maintenance, and stock rotation requirements and take the necessary steps to maintain the quality of such grain.

Section 1812—Price support loan incentives for quality grain

Section 1812 amends section 403 of the Agricultural Act of 1949 (7 U.S.C. 1423) by adding a provision requiring the Secretary to establish premiums and discounts relating to cleanliness factors, in addition to any other adjustments in the support price related to quality, for each of the crops of wheat, feed grains, and soybeans. Such amendment is effective beginning with the 1991 crops of wheat, feed grains, and soybeans.

Section 1813—Quality requirements for Commodity Credit Corporation-owned grain

Section 1813 amends the Agricultural Act of 1949 (7 U.S.C. 1427) by adding a new section 407A. Section 407A contains subsections (a) and (b). Subsection (a) requires, notwithstanding any other provision of law, that the Secretary establish minimum quality standards that apply to grain that is deposited for storage for the account of the Commodity Credit Corporation. In establishing such standards, the Secretary must take into consideration factors related to the ability of grain to withstand storage and assurance of acceptable end-use performance.

Subsection (b) requires the Commodity Credit Corporation to utilize Federal Grain Inspection Service approved procedures to inspect and evaluate the condition of the grain it acquires from producers. In no case may this section require the use of an official inspection unless the producer so requests.

Section 1814—Establishing quality as a goal for Commodity Credit Corporation programs

Section 1814 requires that, in carrying out its activities, the Commodity Credit Corporation must, to the extent practicable, provide

for program provisions that promote quality in the production and marketing of crops and livestock in the United States.

Section 1815—Seed variety information

Section 1815 requires that grain submitted for public testing must be evaluated for selected specific agronomic performance characteristics and intrinsic end-use performance characteristics, as determined by the Secretary, with the results of the evaluations made available to the Secretary.

Section 1815 also requires the Secretary to disseminate varietal performance information to plant breeders, producers, and end users.

Section 1816—Survey of grain varieties

Section 1816 requires the Secretary to periodically conduct, compile, and publish a survey of grain varieties commercially produced in the United States.

Section 1817—Analysis of variety survey data

Section 1817 requires the Secretary to analyze the variety surveys conducted, in conjunction with available applied research information on intrinsic quality attributes of the varieties, to evaluate general intrinsic crop quality characteristics and trends in production related to intrinsic quality characteristics. The Secretary must disseminate such information to plant breeders, producers, and end users.

Section 1818—Sense of Congress concerning end-use performance research

Section 1818 provides that Congress finds that—

(1) research concerning the end-use performance of grain conducted by the Agricultural Research Service and land-grant universities is critical to improving the quality and competitiveness of United States grains in domestic and world markets;

(2) the work done by the Agricultural Research Service wheat quality laboratories has proven valuable to improving the understanding of individuals concerning the relationships between the physical and chemical properties of wheat and the performance of wheat in milling and baking; and

(3) research conducted by the Agricultural Research Service and at land-grant universities concerning the composition of corn and soybean varieties has proven valuable to feed and food users.

Section 1818 further provides that it is the sense of Congress that the Secretary, and in particular the Agricultural Research Service and land-grant universities, should adjust their financial priorities to place increased emphasis on grain variety evaluation and the development of objective tests for the end-use properties of grains.

Section 1819—Sense of Congress concerning cooperation in objective testing

Section 1819 provides that Congress finds that the close cooperative relationship that exists between the Federal Grain Inspection

Service, the Agricultural Research Service, and land-grant universities has proven highly beneficial in identifying grain quality-related characteristics, developing tests, and designing grain standards.

Section 1819 provides that it is the sense of Congress that such cooperative efforts, including the sharing of funds and personnel, should be expanded, and that the Federal Grain Inspection Service should continue to utilize the research capabilities of the Agricultural Research Service and the land-grant universities.

Section 1820—Authority to assist farmers and elevator operators

Section 1820 authorizes the Secretary to provide technical assistance (including information on such financial assistance as may be available) to grain producers and elevator operators to assist such producers and operators in installing or improving grain cleaning, drying or storage equipment.

Section 1821—Standardizing commercial inspections

Section 1821 provides that, to promote greater uniformity in commercial grain inspection results, the Secretary may work in conjunction with the National Institute for Standards and Technology and the National Conference on Weights and Measures to—

(1) identify inspection instruments requiring standardization;

(2) establish commercial performance criteria for grain inspection instruments;

(3) develop a National Type Evaluation Program to approve grain inspection instruments for commercial inspection; and

(4) develop standard reference materials or other means necessary for calibration or testing of approved instruments.

Section 1821 also provides that, to ensure that producers are treated uniformly in delivering grain, the Secretary must develop practical and cost-effective procedures for conducting commercial inspections resulting in price adjustments related to premiums and discounts for quality factors for the grain. The procedures must be made available to country elevators and others making first-point-of-delivery inspections.

Section 1821 also provides that to encourage the use of equipment and procedures developed under the above paragraphs, the Administrator of the Federal Grain Inspection Service must provide for official inspection services by delegated and designated inspection agencies and provide information on the proper use of sampling and inspection equipment, application of the grain standards, and availability of official inspection services, including appeal inspection service, under the United States Grain Standards Act.

SUBTITLE B—AGRICULTURAL COOPERATION AND DEVELOPMENT

Section 1831—Control and eradication of plant pests

Section 1831 amends section 102(b) of the Department of Agriculture Organic Act of 1944 (7 U.S.C. 147a(b)) by authorizing the Secretary to cooperate with the governments of all foreign countries in the control and eradication of plant pests. Current law limits such cooperation to countries in the Western Hemisphere.

Section 1832—Cooperation in animal disease control

Section 1832 authorizes the Secretary under section 11 of the Act of May 29, 1884 (21 U.S.C. 114b) to cooperate with the Governments of all foreign countries and foreign or international organizations in animal disease control. Current law limits such cooperation to the Governments of Mexico, Guatemala, El Salvador, Costa Rica, Honduras, Nicaragua, Belize, Panama, Columbia, and Canada, the Bahama Islands, the Greater Antilles, and the Lesser Antilles and international organizations.

Section 1833—Debt for agricultural development exchanges

Section 1833 contains subsection (a) through (f). Subsection (a) defines the term "debt for agricultural development exchange" as the voluntary cancellation of the external debt of the government of a foreign country in exchange for—

(1) that government's making available, to a grantee under subsection (b), local currencies (including through the issuance of bonds) to be used only for eligible projects involving the development, research, control, and study of agriculturally related activities in that country; or

(2) that government's financial resources, and policy commitment, to take specific actions to ensure the development, research, control, and study of agricultural activities within that country.

Subsection (b) authorizes the Secretary to furnish assistance in the form of grants, on such terms and conditions as the Secretary determines to be necessary, to United States non-governmental organizations, colleges, and universities, for the purchase on the secondary market of discounted external commercial debt of a foreign government to be canceled under the terms of an agreement with that government as part of a debt for agricultural development exchange.

Subsection (b) further authorizes a grantee (or any subgrantee) of the above-mentioned grants to retain interest earned on the proceeds of any resulting debt for agricultural development exchange pending the disbursement of such funds for approved program purposes without deposit in the Treasury of the United States and without further appropriations by the Congress. Subsection (b) further provides that such accrued interest be reinvested by the grantee in the approved project in the host country or used for the establishment of an endowment for the purpose for which the grant was provided to the grantee.

Subsection (c) requires the Secretary to ensure that the debt for agricultural development exchange under this section is designed to be of mutual benefit to both the agricultural sector of the United States and the agricultural sector of the host country. In cooperation with international organizations, domestic or foreign non-governmental organizations, colleges, and universities, the Secretary must seek to identify those areas which, because of their imminent threat to agriculture, are in particular need of immediate attention to support and promote the control of plant and animal diseases in the Western Hemisphere. The Secretary must also encourage as many countries as possible to propose such exchanges

with the purpose of demonstrating to a large number of governments the feasibility and benefits of efficient and successful agricultural development.

Subsection (d) requires that before awarding a grant under this section, the Secretary must determine that—

(1) the grantee and the host country are committed to the long-term viability of the activity that is to be undertaken through the debt for agricultural development exchange;

(2) a plan has been prepared in advance by both the grantee and the host country, which, when implemented, will adequately provide for the viability of the activity that is to be undertaken through the debt for agricultural development exchange;

(3) there is a government agency or a local non-governmental organization, or combination thereof, in the host country with the capability, commitment, and record of agricultural development to oversee the long-term viability of the activity that is to be undertaken through the debt for agricultural development exchange; and

(4) the United States non-governmental organization, college, or university certifies that the host government has accepted the terms of the exchange.

Subsection (e) requires that not later than 180 days after the date of enactment of this section, the Secretary must issue regulations to implement this section. Such regulations must include provisions to—

(A) detail the general terms and conditions necessary for any proposed exchange to gain approval; and

(B) protect against the misuse of any assistance provided under subsection (b) contrary to the provisions of section 1833.

Subsection (e) further provides that the terms and conditions of any exchange under section 1833 are subject to approval by the Secretary. Grants made under section 1833 are intended to complement, and not to act as a substitute for, assistance otherwise available to a foreign country from the Department of Agriculture.

Subsection (e) also prohibits the Department of Agriculture from demanding or accepting any title or interest in any project or program under section 1833, or any interest accrued by the awarded grant, as a condition of the debt for agricultural development exchange.

Subsection (f) authorizes to be appropriated such sums as may be necessary to carry out the provisions of section 1833.

SUBTITLE C—OTHER PROVISIONS

Section 1841—Agricultural product promotion and enhancement

Section 1841 provides that the Congress finds that—

(1) United States agricultural producers and importers contribute approximately $600,000,000 annually to commodity promotion and research programs to maintain and expand markets for their products;

(2) these commodity checkoff programs are funded entirely by producers and importers in a self-help effort to enhance the economic viability of their industries;

(3) these commodity checkoff programs are intended to enhance efforts to market agricultural products, rather than to facilitate advances in production that do not directly relate to strengthening markets of the products;

(4) marketing conditions for agricultural products are dramatically affected by consumer perceptions relating to environmental issues, food safety concerns, animal husbandry practices, and other similar issues; and

(5) advances of technology continue to provide new uses for agricultural products, both in food and nonfood applications, and such new uses present opportunities for increased marketing efforts.

Section 1841 also provides that it is the sense of Congress that—

(1) commodity checkoff programs should focus their efforts on improving the marketing conditions for their products and not on efforts to increase production or enhance production techniques of their products where such enhancements do not relate directly to a stronger market for the product;

(2) the boards or councils that oversee commodity checkoff programs under the supervision of the Secretary should implement programs to provide consumers with adequate information on such public issues as environmental developments, food safety, animal husbandry practices, biotechnology, and other similar issues so that the perception of consumers accurately and fairly reflects the relationship between agriculture and these public issues; and

(3) such boards or councils should pursue new food and nonfood uses for agricultural products developed through technological advances that hold promise for increasing the marketability of these products.

Section 1842—Agricultural assistance program for farmers with disabilities

Section 1842 consists of subsections (a) and (b). Subsection (a) requires the Secretary to make demonstration grants to support cooperative programs between State extension service agencies and private nonprofit disability organizations to provide on-the-farm agricultural education and assistance directed at accommodating disability in farm operations for individuals with physical disabilities, and their families, who are engaged in farming or farm-related occupations.

Grants awarded under section 1842 must go directly to State extension service agencies to enable such agencies to enter into contracts, on a multi-year basis, with private nonprofit community-based direct service organizations to initiate, expand or sustain cooperative on-the-farm agricultural education and direct assistance to farmers with disabilities to utilize farm-oriented expertise to promote accommodation of their disabilities in performing farm operations.

No grant may be awarded under section 1842 in an amount that is less than $150,000.

Section 1842 authorizes to be appropriated $3,000,000 for each of the fiscal years 1991 through 1992 and $5,000,000 for each of the

fiscal years 1993 through 1996 to carry out the provisions of subsection (a).

Subsection (b) requires the Secretary to award grants to national private nonprofit disability organizations to enable such organizations to provide technical assistance, training, information dissemination and other activities to support services provided under subsection (a).

Subsection (b) authorizes to be appropriated $1,000,000 for each of the fiscal years 1991 through 1995 to carry out subsection (b).

Section 1843—Emergency grants to assist low-income migrant and seasonal farmworkers

Section 1843 authorizes the Secretary may make grants, not to exceed $20,000,000 annually, to public agencies or private organizations with tax exempt status under section 501(c)(3) of the Internal Revenue Code of 1986 that have experience in providing emergency services to low-income migrant and seasonal farmworkers when the Secretary determines that a local, State or national emergency or disaster has caused low-income migrant or seasonal farmworkers to lose income, or to be unable to work, or to stay home or return home in anticipation of work shortages. Emergency services to be provided under section 1843 may include such types of assistance as the Secretary determines to be necessary.

Section 1843 defines "low-income migrant or seasonal farmworker" as an individual who has, during any consecutive 12 month period within the preceding 24 month period, performed farm work for wages, and who has received at least one-half of total income or been employed at least one-half of total work time in farm work, and whose annual family income within such 12 month period did not exceed the higher of the poverty level or 70 percent of the lower living standard income level.

Section 1843 authorizes to be appropriated such sums as are necessary to carry out its provisions.

Section 1844—Narrowing the defense exception to the farmland protection policy act

Section 1844 amends section 1547(b) of the Farmland Protection Policy Act (7 U.S.C. 4208) to provide that the provisions of the Act do not apply to the acquisition or use of farmland for national defense purposes during a national emergency. Current law applies the provisions of the Act to such acquisitions during a national emergency.

Section 1845—Forage rangeland inventory survey

Section 1845 requires the Secretary to initiate and collect inventory survey data and statistics on the availability and quality of forage, grasslands and range crops. Such data must be made available to the public each year.

Section 1846—Accurate tracking of costs of commodity certificate program

Section 1846 provides that the Congress finds that, to ensure proper congressional scrutiny of commodities certificate costs, the Department of Agriculture should develop a new set of budget

terms and totals that include commodity certificates in the budget totals submitted by the Administration to the Congress.

Section 1847—Improving the accuracy of commodity program budget forecasts

Section 1847 provides that the Congress finds that, to improve the accuracy of commodity program benefit forecasts, the Secretary should designate a single organization to manage its commodity program forecasting and establish a quality control program to—

(1) systematically identify the source of forecasting errors;

(2) maintain records of data used for supply and demand forecasts;

(3) document its forecasting methods; and

(4) correct weaknesses in its various forecasting components.

SUBTITLE D—REPORTS AND STUDIES

Section 1851—Pass through of savings

Section 1851 requires the Secretary to establish by regulation a system to measure the extent to which any reduction in the prices of agricultural commodities or products thereof are passed through to the ultimate consumer. The Secretary must report annually to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate on the results of such measurements and must also publish such results in the Federal Register.

Section 1851 further requires that to the extent that the Secretary finds that any such price reductions are passed through in an article containing the agricultural commodity or product thereof as savings to the ultimate consumer, the Secretary must publish the names of any such article, the amount of savings that were passed through to the ultimate consumer, and the seller or manufacturer of the article.

Prior to publishing such information in the Federal Register, the Secretary must require a certification from the seller or manufacturer of such article that savings were intended and actually passed through to the ultimate consumer.

Section 1852—Farm value of agricultural products

Section 1852 is composed of subsections (a) and (b). Subsection (a) requires the Secretary to provide by rule a system for informing the ultimate consumer of an agricultural commodity or a product thereof, whether produced inside or outside of the United States, of the approximate amount of money (in terms of United States currency) paid the agricultural producer for that commodity, or each commodity contained in that product.

Subsection (b) requires the Secretary to annually report to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate, by type of commodity or product, a summary of the information required to be made available to the consumer under subsection (a). The Secretary may by rule require the submission of such data from such persons as is necessary to enable the Secretary to carry

out section 1852(b). The Secretary must provide for the timely publication and wide distribution of such reports.

Section 1853—Study of the concentration of the meat packing industry

Section 1853 requires the Comptroller General, in consultation with the Secretary, to conduct a study regarding vertical and horizontal concentration in the meat packing industry. Such study is to be submitted to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate. In conducting such study, the Comptroller General must consider the following:

(1) The impact, both short and long term, of such concentration on farm income of livestock producers.

(2) The impact, both short and long term, of such concentration on prices paid by consumers for meat and poultry products.

(3) The impact of such concentration on economic development in agricultural areas, including employment levels, wage rates, the financial condition and competitiveness of the meat industry, and distribution of employment opportunities.

(4) The extent and nature of packer contracting and the pricing arrangements that are typical of packer contracting, including any evidence of price premiums or discounts and the justification of such premiums or discounts.

(5) An evaluation of the adequacy of the voluntary price reporting system of the Department of Agriculture.

(6) The relationship between packer concentration and contracting and the role of packers in the futures market.

(7) The impact of captive supplies on price levels, price variability, and the level of competition in slaughter livestock markets.

(8) The degree of concentration throughout the food chain from producer through the retailer and the impact of such concentration on meat and poultry processors.

(9) An evaluation of alternative marketing systems including a national electronic marketing system, a national market for forward contracts and other alternatives with potential to enhance competitive price discovery in a national market with negotiations between buyers and sellers that are publicly visible so that they may be assessed by the public.

Section 1853 defines "packer" to mean any person engaged in the business—

(1) of buying livestock in commerce for purposes of slaughter,

(2) of manufacturing or preparing meats or meat food products for sale or shipment in commerce, or

(3) of marketing meats, meat food products, or livestock products in an unmanufactured form acting as a wholesale broker, dealer, or distributor in commerce.

Section 1854—Report on per unit return on current value resulting from the production of certain crops

Section 1854 requires the Secretary to annually publish a report analyzing the per unit return on current value resulting from the

production of upland cotton, rice, wheat, corn, oats, barley, grain sorghum, soybeans, peanuts, sugar from sugar beets, and raw sugar from sugar cane. In conducting this analysis, the Secretary must consider returns from government price support programs, the effects of government price support programs on cost of production, the factors currently used in USDA cost of production data, current value of land, and any other information that the Secretary considers necessary to accurately reflect return for the production of the aforementioned crops.

ADMINISTRATION POSITION

At the time of the filing of this report, the Committee had not received a report from the U.S. Department of Agriculture concerning H.R. 3950, as amended, a bill entitled the "Food and Agricultural Resources Act of 1990".

BUDGET ACT COMPLIANCE (SECTION 308 AND SECTION 403)

The provisions of clause 2(l)(3)(B) of rule XI of the Rules of the House of Representatives and section 308(a) of the Congressional Budget Act of 1974 (relating to estimates of new budget authority, new spending authority, or new credit authority, or increased or decreased revenues or tax expenditures) are not considered applicable. The estimate and comparison required to be prepared by the Director of the Congressional Budget Office under clause 2(l)(3)(C) of rule XI of the Rules of the House of Representatives and section 403 of the Congressional Budget Act of 1974 submitted to the Committee prior to the filing of this report are as follows:

U.S. CONGRESS,
CONGRESSIONAL BUDGET OFFICE,
Washington, DC, July 3, 1990.

Hon. E DE LA GARZA,
Chairman, Committee on Agriculture,
House of Representatives, Washington, DC.

DEAR MR. CHAIRMAN: The Congressional Budget Office has prepared the attached cost estimate for H.R. 3950, the Food and Agricultural Resources Act of 1990.

If you wish further details on this estimate, we will be pleased to provide them.

Sincerely,

ROBERT D. REISCHAUER,
Director.

CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

1. Bill number H.R. 3950.
2. Bill title: The Food and Agricultural Resources Act of 1990.
3. Bill status: As ordered reported by the House Committee on Agriculture on June 13, 1990.
4. Bill purpose: H.R. 3950 would reauthorize and modify farm commodity and trade programs, domestic nutrition programs, conservation programs, and agricultural research and extension programs administered by the Department of Agriculture

5. Estimated cost to the Federal Government: The following table summaries the estimated budgetary impact of the bill for provisions that have a direct effect on federal spending ("direct spending") and those that depend on subsequent appropriation action ("authorizations").

[By fiscal year, in millions of dollars]

	1991	1992	1993	1994	1995
Direct Spending					
Agriculture programs:					
Estimated budget authority	73	628	373	302	470
Estimated outlay	73	628	373	302	470
Nutrition programs:					
Estimated budget authority	448	827	925	1,265	1,546
Estimated outlays	448	827	925	1,265	1,546
Total direct spending:					
Estimated budget authority	521	1,455	1,298	1,567	2,016
Estimated outlays	521	1,455	1,298	1,567	2,016
Authorizations					
Estimated authorization level	4,861	5,036	5,425	5,740	5,841
Estimated outlays	3,515	4,755	5,433	5,730	5,829

The direct spending effects of the bill are displayed as changes relative to CBO's February 1990 baseline, which assumes extension of these programs, pursuant to the Balanced Budget and Emergency Deficit Control Act of 1985. CBO's February baseline includes outlays of $10.6 billion in 1991 and $53 billion over the 1991–1995 period for the price support programs of the Commodity Credit Corporation; outlays of $15.6 billion in 1991 and $85 billion over the five year period for food stamps; and outlays of $1.0 billion in 1991 and $5 billion for 1991–1995 for other mandatory nutrition program reauthorized by the bill. CBO's most recent projections of spending for these programs differs somewhat from the February baseline, and the budgetary impact of H.R. 3950 would differ if meansured against such projections.

The direct spending mandated by this bill falls within budget functions 350 and 600. The authorizations fall within budget functions 150, 300, 350, and 600.

Basis of Estimate: This estimate assumes an enactment date of October 1, 1990 with regulations taking effect shortly thereafter.

DIRECT SPENDING PROVISIONS

Agriculture Programs

Titles I–XII would reauthorize and modify programs of the Commodity Credit Corporation (CCC) that would otherwise expire at the end of the 1990 crop year. The budget impact of these titles is estimated relative to the February 1990 CCC baseline that assumes the law governing CCC programs is extended through the 1995 crop year. Provisions of the bill that are estimated to result in direct spending relative to baseline assumptions are summarized in Table 1 and discussed below.

Section 101: Increase the size of acreage reduction program for upland cotton.—This section requires the Secretary to set the size of the upland cotton acreage reduction program to achieve a stocks-to-use ratio of 30 percent. The baseline projects a cotton stock-to-use ratio of about 37 percent for the 1991 crop. As a result, this provision would require the Secretary of Agriculture to raise cotton acreage reduction requirements compared to those in the baseline. CBO estimated that this would save $177 million over five years, because acreage would be taken out of production than projected in the CBO baseline, thus causing market prices to rise and deficiency payments to fall.

Section 101: Issue maketing certificates to domestic users or exporters of cotton.—This section requires the Secretary to issue marketing certificates to domestic users or exporters of cotton in the event that the landed price of U.S. cotton in northern Europe exceeds the average of European market price quotations. Because this market conditions has occurred frequently in recent years, CBO estimates this provision would increase outlays by $20 million between 1991 and 1995.

Section 231: Mandate disaster payments to sugarcane producers.—The modification of the current no net cost sugar program is estimated to results in no additional outlays. The provision sets a minimum import level, but requires the Secretary to set alloctions on refiners of U.S. sugar to keep annual supply from exceeding demand. Marketing allocations for refiners cover both sugar that is sold and that is put under loan. Thus, no excess sugar is likely to be placed under loan and subsequently forfeited. However, outlays of $15 million in 1991 are estimated to result from the provison of disaster payments for 1990 crop losses from freezing as well as for 1989 crop losses in recoverable sugar.

Section 301: Guarantee the announced deficiency payment rate for 50/92 rice program participants.—This section requires that the deficiency payment for idled acreage under the 50/92 program be guaranteed to be not less than the projected rate at time of program signup. Currently, the final rate can fall below the announced rate if market prices are higher than expected. The 50/92 program allows producers to receive 92 percent of their expected total deficiency payment if they plant between 50 and 92 percent of their permitted rice acreage. Guaranteeing the rate is expected to attract some more acres into the program, which would reduce planted acres. CBO assumes that the Secretary would reduce the required acreage reduction percentage increasing program costs by an estimated $43 million over 1991 to 1995.

Section 402: Set minimum milk price support at the 1990 level.—This section establishes the minimum price support for milk at $10.10 per hundredweight for 1991 through 1995. The baseline is an extrapolation of current law, under which the support price can be reduced by $0.50 per year if the Secretary of Agriculture estimates that the government's net removal of dairy products would exceed 5 billion pounds on a milk equivalent basis. Under baseline assumptions, such reductions are projected to occur, resulting in a baseline support price of $9.60 in 1991, $9.10 in 1992, and $8.60 in later years. Freezing the milk price support at $10.10 would cause outlays to rise above baseline levels by $52 million in 1991 and by

$1.5 billion over the 1991–1995 period. The increased costs are mitigated somewhat because the bill specifies lower government prices for butter compared to baseline assumptions.

Section 402 would retain a mechanism for adjustments upward and downward to the milk price support subject to the $10.10 minimum. However, because the bill directs the Secretary to calculate net removals on a total milk solids basis (resulting in lower calculated net removals than on the milkfat basis currently in use), downward adjustments are much less likely.

Section 503: Impose a payment limit on wool producers.—This section would limit payments to wool producers under the wool and mohair program to $250,000 per producer per year. Currently, these payments are not limited. This limit would reduce wool payments by an estimated $1 million per year.

Section 603: Raise the honey program loan rate.—This section is estimated to raise outlays by $69 million over five years, because the loan rate for honey is raised to $.538 per pound for the 1991 through 1995 crop years. This is above the baseline level of $.513 from crop year 1991 with lower levels each year thereafter. Because honey is currently under a marketing loan program with repayment rates below the loan rate, the increase in the loan rate results in commensturate government outlays.

Section 701: Mandate a marketing loan program for oilseeds. This section provides for a marketing loan for soybeans and other oilseeds. This would allow producers to place any portion of those crops under loan with the CCC at the announced loan rate and to repay the lower of the loan rate or the market price. This section also raises the soybean loan rate to $5.25 per bushel for the 1991 and 1992 crops, to $5.40 for the 1993 crop, and to $5.51 for the 1994 and 1995 crops. (The current law level is $4.50 per bushel.) Loan levels for other oilseeds, which do not currently receive price support protection, are to be set at levels comparable to the soybean loan rate. Baseline market prices for oilseeds are above the loan rate levels set in this section. As a result, the marketing loan program should not cause oilseeds producers to change their production plans and they are expected to repay the full amount of the loans. However, increased loan rates are expected to cause producers to put more oilseeds under loan than under baseline conditions. Although these loans are expected to be repaid, some of crop year 1994 loan repayments will occur beyond fiscal year 1995, generating additional outlays of $51 million over the 1991 to 1995 period. If soybean prices turn out to be lower than anticipated by the current baseline, the budget exposure could be quite large because farmers would likely put the entire oilseed crop under loan and repay at less than the full amount.

Sections 901 and 1001: Raise wheat and feed grain loan rates.—These sections increase wheat and feed grain loan rates by mandating that the basic loan rate be set at 85 percent of the average of actual prices in the previous five years, minus the highest and the lowest prices. (Current law requires the loan rate to be between 75 and 85 percent of the average). In addition, the provision limits the Secretary's discretion to reduce the basic loan rate by up to 20 percent based upon the stocks-to-use ratio and competitive conditions. Under baseline conditions, CBO estimates that provision will result

in loan rate reductions of only 10 percent from the basic level. This provision effectively raises loan rates above baseline levels. CBO estimates that outlays will rise by $39 million in 1991 and by a total of $55 million over the 1991–1995 period. The wheat loan rate increase is not effective until fiscal year 1992, so additional outlays in 1991 are solely from a higher expected volume of loan placements during the summer in anticipation of the increased loan rate after October 1. For wheat, savings are generated in 1993 and 1994 as deficiency payments fall because the basic loan rate under the provision would rise to the level of the expected season average price, eliminating the harvest price differential and reducing deficiency payments by $0.10 per bushel for the 1993 crop.

Sections 901 and 1001: Reduce wheat and feed grain deficiency payments.—These sections would require that deficiency payment rates for wheat and feed grains be the difference between the target price and the average market prices for the first six months of the marketing year. (The average of the first five months is used under current law.) CBO estimates that adding the extra month would cause the average market price used in the payment rate calculation to increase, thus reducing the deficiency payment rate by $ .01 per bushel. This change is estimted to reduce deficiency payments by $345 million from 1991 through 1995.

Section 1001: Allow planting and harvesting of oats on idled acres.—This section requires the Secretary of Agriculture to allow farmers to plant and harvest oats on land they would otherwise leave out of crop production to comply with acreage reduction program requirements. The Secretary would be required to allow additional oat production to the extent that he estimates that domestic oat production falls short of the domestic demand for oats. CBO estimates that the Secretary would have to allow additional oat production because under baseline assumptions, imports satisfy a portion of domestic oat demand. Greater domestic oat production would tend to reduce prices and thus increase oat deficiency payments. CBO estimates this section would increase outlays by $31 million between 1991 and 1995.

Section 1001: Increase barley deficiency payments by basing them on feed barley prices.—This section requires that the barley deficiency payment rate (the difference between the target price and market price) be based on feed barley prices rather than both feed and malt barley prices. This would increse barley deficiency payments by an estimated $209 million over the 1991–1995 period, because feed prices are normally significantly lower than malt prices.

Section 1101: Eliminate the payment limit for transfers of multiyear farm program contracts.—This provision would allow transfer of multiyear contracts for payments for idling land, with the new owner not limited by the $50,000 payment limit if the transfer is in anticipation of death. A small amount of acreage is assumed to be affected, with outlays estimated at $25 million for 1991 to 1995.

Section 1106: Mandate cost-sharing for some multiyear set-asides.—This section would require that the Secretary of Agriculture share in costs of establishing annual or perennial grasses on acreage held out of production on a multiyear basis. Cost-sharing payments are estimated to total $100 million over the 1991–1995

period, based on projected payments of $20 per acre on 5 million acres.

Section 1116: Raise farmer-owned reserve storage payments.—This section would require that frmers storing grain for the farmer-owned grain reserve receive government storage payments at rates comparable to rates at commercial storage facilities. CBO estimates that about 400 million bushels of feed grains will receive increased storage payments totalling $157 million between 1991 and 1995.

Section 1121: Change calculation of crop acreage bases for rice and cotton.—This section provides that rice and cotton acreage bases, which entitle farmers to program benefits, be calculated using the most recent three years of planting history instead of the current five years. This would increase deficiency payments slightly in the cotton program, because it would increase cotton base acres and thereby raise the amount of cotton eligible for payments.

Sections 1221 and 1211: Provide export credit for emerging democracies and assess their condition.—This section mandates additional export credit guarantees for agricultural commodities exported to emerging democracies at $225 million per year. It also creates a new export credit program for guaranteeing loans for infrastructure in emerging democracies of $50 million per year. CBO estimates additional outlays of $66 million because of expected loan repayment defaults. Potential exposure to loan defaults is substantially larger than estimated defaults. An additional $1 million to $2 million per year is estimated to be spent on reports assessing the condition of infrastructure in emerging democracies. Section 1211 requires a report by an independent expert to improve the Department of Agriculture's management of its export programs.

Food Stamp provisions

Title XVII would reauthorize and expand the Food Stamp program. As required by the Balanced Budget and Emergency Deficit Control Reaffirmation Act of 1987, food stamps is treated as an entitlement. Estimated costs of the food stamp provisions are summarized in Table 2 and are discussed below.

In total, Title XVII is estimated to increase costs in the Food Stamp program by $262 million in 1991 and $4.4 billion over the 1991–1995 period. The bill also would reauthorize the Food Stamp program through 1995. The table below shows total spending projections for the Food Stamp program, after all changes in the bill, under the economic and technical assumptions of the CBO February 1990 bseline.

Section 1701: Eliminate cap on excess shelter deduction.—Section 1701 would increase food stamp benefits to households with high housing and utility costs by raising the cap on the excess shelter deduction in fiscal years 1991, 1992, and 1993, and removing the cap completely in 1994. This change is estimated to increase food stamp benefits for 1.1 million out of a total of 7.1 million households. Affected households are expected to receive an average benefit increase of $12 per month in 1991, rising to $38 in 1995. Added costs would be $165 million in 1991, and would increase to $515 million by 1995. These estimates are based on data from the summer 1987 Quality Control Survey.

Section 1702: Increase maximum allotment.—This section would increase maximum allotments for all households over a four-year period, from the baseline level of 103 percent of the Thrifty Food Plan in 1991 to 105 percent in 1995. According to CBO projections, the fiscal year 1995 maximum allotment for a family of four would increase by $7.80 and the average monthly benefit per person would increase by $1.90. Estimated costs are $65 million in 1992, rising to $435 million in 1995. In addition, Section 1702 would make a technical revision to the calculation of maximum allotments in Alaska and Hawaii, increasing costs by $3 million annually.

Section 1703: Amend proration of benefits.—This section would provide a full month's worth of benefits to participants who file late applications for recertification. Under a 1982 amendment, such households have received a prorated amount of benefits based on the date the new application is received. This change is estimated to increase food stamp costs by between $15 million and $20 million annually, based on a General Accounting Office estimate of the costs of such a change in Wisconsin and Georgia.

Section 1711: Disregard $50 of child support payments.—This section would allow households to disregard the first $50 in child support payments for the purpose of determining food stamp benefits, effective July, 1991. CBO estimates the cost for part of 1991 to be $35 million. Full-year costs are estimated to rise from $165 million in 1992 to $195 million in 1995. These costs are based on experience with a similar disregard in the Aid to Families with Dependent Children (AFDC) program. Cost data from the AFDC program were adjusted to reflect projected increases in child support collections and costs for food stamp families that do not receive AFDC payments.

Section 1712: Raise vehicle asset limitations.—Section 1712 would make it easier for low-income households who own vehicles to qualify for the food stamp program. The value of a vehicle above $4,500 is a countable asset under current eligibility rules. This provision would increase the $4,500 threshold by $250 increments each year, beginning in 1992, until it reaches $5,500 on October 1, 1995. This expansion is estimated to bring an additional 50,000 households into the program by 1995. Added costs are estimated to increase from $10 million in 1992 to $115 million in 1995. These estimates are based on eligibility simulations using data from the Survey of Income Program and Participation (SIPP).

Section 1715(d): Raise cap on reimbursements.—This section would raise the limit on reimbursements for the actual costs of transportation and other work expenses from $25 per month to $75 per month for participants in employment and training programs. This is estimated to increase outlays by $53 million over the 1991–1995 period.

Section 1721: Expand household definition.—This section which would change the definition of the food stamp household, is estimated to cost close to $70 million annually. The new definition would allow relatives to form separate food stamp units if they customarily purchase food and prepare meals separately from other members of the household. Under current law, only selected categories of relatives (elderly or disabled parents and siblings, and

minor children and their parents) are allowed to split off to form separate food stamp units. Forming separate food stamp units would result in an increase in aggregate benefits for family members because they would receive two or more standard deductions rather than one and benefits would be adjusted to reflect economies of scale. Furthermore, some people may become newly eligible because of excluding the income or resources of related persons in their households. It is difficult to estimate how many households would split into two or more units, or how many households would become newly eligible. Estimated costs are based on analysis of existing household composition as reported in the summer 1986 Quality Control data base and information on AFDC household composition as reported in two reports by the General Accounting Office.

Section 1728: Raise caps on dependent care expenses.—Section 1728 would raise the cap on the dependent care expense deduction from $160 per month for each dependent to $200 per month for each child under two and $175 per month for each other dependent, bringing the food stamp program in conformity with the AFDC program. This change is estimated to cost $2 million annually, based on dependent care expenses reported in the summer 1987 Quality Control database. Section 1728 also would raise the cap on dependent care reimbursements under the food stamp employment and training program to local market rates, as defined in the Family Support Act of 1988. This change is estimated to cost between $1 million and $2 million annually.

Section 1745: Raise asset limitations for the disabled.—The bill would allow low-income households with disabled members to own assets worth up to $3,000 without losing food stamp eligibility. The current eligibility limitation is $2,000, except for households with elderly participants. CBO estimates that an additional 2,500 households would receive food stamps under this provision, at an estimated full-year cost of $5 million annually. This estimate is based on eligibility simulations using SIPP.

Section 1751: Waive quality control fiscal sanctions.—The bill would waive fiscal sanctions on overpayment errors made through 1990. The loss of federal collections of these sanctions is estimated to cost $1 million in 1991, rising to $37 million in 1995, based on CBO baseline assumptions about the amounts and timing of sanction collections.

Section 1752: Increase funding for automated data processing (ADP) systems.—This section would require states to implement automated data processing systems that meet certain minimum standards. This provision is estimated to increase costs by a total of $25 million between 1992 and 1994 because most states have ADP systems that are expected to meet such standards, and because the section allows for certain waivers. The bill also would allocate $25 million in 1994 and $30 million 1995 for an enhanced federal match for ADP operating costs in states with efficient ADP systems.

Other Food Stamp changes.—Title XVII would make numerous other food stamp changes, adding costs totaling of $24 million in 1991 and between $40 million and $42 million annually in 1992 through 1995. These costs result from the exclusion of certain third-party payments when calculating food stamp benefits, the expansion of federal grants for employment and training, small modi-

fications in student eligibility and the counting of student income, the exclusion of certain vehicles, modifications in the budgeting of certain public assistance benefits, and expansions in food stamp outreach. None of these changes is estimated to cost more than $11 million annually. Small savings would result from accelerating the collection of fraud claims repayments.

Section 1795 would establish a special rule for sequestration of food stamp funds under the Balanced Budget and Emergency Deficit Control Act of 1985. Reductions would be made in the costs of the provisions authorized under sections 1701, 1702, 1711, 1712, 1715(d), 1728 and 1745, if a final sequestration order were enacted and not rescinded for any of the fiscal years 1991–1995. The amount of the reduction would be equal to the percentge reduction for domestic programs required under a sequestration order multiplied by the change in estimated costs of these sections from one year to the next, as estimated by the Congressional Budget Office. These seven sections are estimated to cost, in total, $208 million in 1991, $456 million in 1992, $711 million in 1993, $1,007 million in 1994, and $1,287 million in 1995. The growth in costs between fiscal years is thus $208 million in 1991, $248 million in 1992, $255 million in 1993, $296 million in 1994, and $280 million in 1995.

In the event of a sequestration order, the reductions would be effective January 1 of the year following such order. The reductions would be in effect for three-fourths of a fiscal year, and so, in order to achieve full-year savings, the reduction percentage would be set equal to four-thirds of the regular sequestration percentage.

Other nutrition provisions

Title XVII also would reauthorize various nutritional assistance programs. The costs relative to the CBO baseline are shown in Table 2.

Section 1782: Nutrition assistance for Puerto Rico.—Section 1782 would reauthorize the Nutrition Assistance Program (NAP) for Puerto Rico at $985 million in 1991, $1,029 million in 1992, $1,074 million in 1993, $1,121 million in 1994 and $1,170 million in 1995. The new authorization levels exceed CBO baseline levels by $11 million in 1991, $15 million in 1992, $20 million in 1993, $25 million in 1993, $25 million in 1994 and $30 million in 1995.

Sections 1783 and 1784: Commodity purchases.—Finally, Title XVII would reauthorize commodity purchases under the Emergency Food Assistance and the Soup Kitchen and Food Bank programs. Authorized levels are stated in the bill. Based on the authorization language, the purchase of commodities under the Emergency Food Assistance program is mandatory spending in 1991 and 1992 and discretionary spending, that is, subject to the amounts provided in advance in appropriations acts, in 1993 through 1995.

AUTHORIZATIONS

This estimate assumes that appropriations are provided each year to cover the full amounts specifically authorized and to fund other activities mandated by the bill. Some of these authorized activities would affect spending for CCC's price support programs; these effects are not included in the cost estimate tables.

Commodity programs.—Authorizations in the commodity titles, mostly for an agricultural fellowship program for foreign specialists and for replenishing the Food Security Wheat Reserve (FSWR), are estimated to total $293 million in budget authority and $291 million in outlays over the 1991–1995 period. In addition, buying wheat for the FSWR would result in added direct spending for the CCC. It is assumed that the Secretary would reduce the amount of acreage that wheat farmers must idle to participate in the wheat program to compensate for the amount of wheat bought for the reserve. Thus, payment acres and CCC outlays would increase if funds to implement this authorization were appropriated. Added outlays would total about $3 million in 1991 and $163 million over the five-year period.

Trade.—Title XII provides open-ended authority for the Public Law 480 (P.L. 480) program through 1995. The current authority for the program expires at the end of 1990. Except as discussed below, the estimate assumes a program level through 1995 equal to the CBO baseline level.

Section 1204 allows certain new loans to least-developed countries to be turned into grants. This will lower future repayment streams, thereby increasing outlays by an estimated $55 million over five years, compared to baseline levels.

Section 1204 also gives the President indefinite authority to cancel outstanding P.L. 480 debt for Sub-Saharan African and certain other least-developed countries. This authority is subject to amounts provided in appropriations acts. At the start of fiscal year 1991, these countries had loans outstanding with a face value of $2.5 billion. Principal and interest repayments from these loans are scheduled to be received over the next forty years. Because the President announced his own debt cancellation plan on June 27, 1990, the estimate assumes this authority will be used. This would decrease scheduled principal and interest repayments by $450 million over the next five years.

Research.—Title XIII would authorize a large number of research activities carried out by the Department of Agriculture. CBO estimates that the appropriations authorized by Title XIII would total $12.7 billion between 1991 and 1995, resulting in outlays of $11.5 billion over this period. Some of the activities include research on and grants for sustainable agriculture, a national genetics resources program, the National Agricultural Library, establishing a national agricultural weather information system, plant and animal pest and disease control, research on processing agricultural products, establishing a national institute for alternative agricultural products, water policy coordination, and a number of other activities. CBO does not have sufficient information to estimate the cost of implementing Subtitle C—a national genetics research program, Subtitle G—research on agricultural products, Subtitle H—a national institute for alternative agricultural products, Subtitle I—agriculture and water policy coordination, and Section 1833—debt for agricultural development exchanges.

Marketing Programs.—Title XIV authorizes new commodity programs, funded through checkoffs, for pecans, mushrooms, and limes, and amends the potato and cotton programs to apply assessments to importers. In addition, subject to approval in a referen-

dum, the bill would no longer allow the refunding of assessments farmers pay to the Cotton Board.

CBO estimates that salary costs for referenda would equal $150,000 in fiscal 1991, subject to appropriation action. However, there would be an estimated $9 million in savings for CCC because of greater spending on promotion activities for cotton.

State and Private Forestry.—Title XV would establish a number of research and assistance programs for state and private forestry activities to be carried out by the Forest Service (FS). Research efforts would address the adequacy of current forestry research activities, survey methods for forest inventories, the recylcing of timber products, and studies of the forestry resources in specified regional areas.

Financial and technical assistance for state and local governments and for private forest land-owners would include programs for fire preparedness, insect control, disaster relief, incentive and easement programs for the preservation of private forest lands, and urban and community tree planting. Title XV also would establish a private America The Beautiful Foundation to promote volunteer tree planting activities, a State and Private Forestry Council, a National Urban and Community Forestry Advisory Council, and a Commission on State and Private Forestry.

Title XV provides specific authorizations totaling $250 million for fiscal year 1991 to carry out these provisions. In addition, CBO estimates that another $14 million would be necessary in 1991 to fund other programs established in this title for which no specific authorizations were provided. Based on information from the Forest Service and on spending rates for similar programs, CBO estimates that enactment of Title XV would increase federal outlays by $165 million in 1991 and by $1.1 billion over the 1991–1995 period, assuming appropriation of the necessary funds.

Conservation.—Title XVI addresses agricultural conservation activities. CBO estimates that, assuming appropriation of the necessary funds, enactment of these conservation provisions would increse federal costs by $107 million in 1991 and by $2.2 billion over the 1991–1995 period.

Two programs would be authorized and expanded by Title XVI:

Section 1603 would extend the Conservation Reserve Program (CRP) through 1995 and would expand the program to emphasize environmental problems and tree planting. CBO estimates that the CRP would total 40 million acres by 1995 and that extension and expansion of the program would not significantly increase federal outlays in 1991 but would result in additional outlays totaling $520 million from 1991 through 1995. In addition to the appropriations made to fund the CRP, we would expect CCC to incur added costs totaling of $14 million in 1991 and $300 million over the next five years because of a resulting increase in the number of acres on which CCC commodity payments are made. CBO assumes that the Secretary will reduce the required percent of idled acreage for program participants to offset the extra acreage being taken out of production as the CRP acreage rises above the baseline level.

Section 1614 would reauthorize the Great Plains Conservation Program (GPCP) through 2001 and would increase the pro-

gram's authorization ceiling by $300 million. We estimate that, if reauthorized, the GPCP would expend $20 million to $25 million annually over the next five years.

Other sections of the conservation title would establish a number of new agricultural conservation programs and activities:

Section 1605 would create a National Resources Loan Program to provide up to $100 million in direct loans annually to help farmers with conservation compliance activities. CBO estimates that this loan program would increase federal outlays by about $20 million in 1991 and by about $390 million over the next five years.

Section 1607 would establish a Water Quality Protection Program to provide financial incentives for farmers to develop water quality management plans. Based on information from USDA and from states that operate similar programs, CBO estimates that federal costs would increase by $20 million in 1991 and by $580 million over the next five years. We assume that the program would provide incentive payments totaling about $7 per acre for 20 million acres by 1995.

Section 1608 would create a National Agricultural Wetland Reserve program to purchase long-term easements on up to 2.5 million acres of wetlands by 1995. CBO estimates that this program would increase outlays in 1991 by $25 million and by about $480 million over the 1991–1995 period. We assume that USDA would purchase long-term easements on 1.5 million acres between 1991–1995 and that most payments would be made over a ten-year period.

Section 1610 would establish an Office of Environmental Quality in USDA to develop and coordinate the agency's environmental programs. Based on information from USDA, we estimate that creation of this office would cost about $350,000 annually beginning in 1991.

Section 1611 would direct USDA to establish a program to assist producers in adopting integrated farm management plans. We estimate that technical assistance for the integrated farm management program would increase costs by about $45 million over the next five years. In addition, CCC costs would increase by about $20 million in 1991 and $220 million in 1991–1995. The Secretary is expected to increase CCC payment acres on these farms participating in the Integrated Farm Management Program to offset reduced yields because of changed input and other management operations. Those farmers will be allowed to plant on part of their acreage that otherwise would have to be idled, thus increasing the number of payment acres.

Section 1617 would require all federal public land agencies to develop programs for the management of undesirable plants. We estimate that implementation of this section would increase federal costs by about $1 million annually.

Section 1602 would make changes in the wetland conservation provisions of the Food Security Act of 1985. The effect of these changes could be to allow some producers to continue to receive farm program benefits who would otherwise lose them under current law. While this could increase federal costs, we are unable to estimate the magnitude of these costs at this time.

The remaining sections of the conservation title are not expected to result in significant additional costs to the federal government over the next five years.

Nutrition.—Title XVII would reauthorize and expand several nutrition programs for five years. Section 1783 would authorize $50 million for administrative costs for the Emergency Food Assistance program through 1995. Purchases of commodities for Emergency Food Assistance would be mandated in 1991 and 1992 (costs included in direct spending totals) and authorized at $220 million annually in 1993, 1994, and 1995.

Section 1784 would reauthorize the Commodity Supplemental Food program (CSFP) and the Food Distribution on Indian Reservations program. Estimated costs assume continuation of the 1990 appropriations, adjusted for inflation. Additional costs were estimated for three expansions in the Commodity Supplemental Food program—an increase in administrative costs, a mandate for donating certain amounts of cheese, and increased authority to serve elderly recipients. The costs of serving additional elderly recipients are quite uncertain but potentially very large. CBO estimates that if fully appropriated, the elderly expansion would cost more than the original CSFP program by 1994, under the assumption of an additional 75,000 elderly recipients each year.

Sections 1787 and 1793 would authorize two programs of nutrition education at a combined cost of $10 million annually. Finally, a number of provisions in Title XVII would increase federal administrative costs by an estimated $18 million over five years, primarily because of authorizations for demonstrations and evaluations, creation of two commissions and a National Gleaning Assistance Clearinghouse, increased federal review of food stamp automated data processing systems, and biennial authorization of food stamp stores.

6. Estimated cost to state and local governments: H.R. 3950 contains many provisions that would have an impact on state and local government budgets.

Research.—Title XIII would establish five state and local grant programs for a variety of research activities. Funds would be provided for: the development of research on sustainable agriculture, outreach programs for financially stressed farmers, the development of agriculture weather information systems, demonstration programs to assist disabled farmers, and research on prickly pear and mesquite production. CBO estimates that about $50 million in grant funds would be available to states as a result of these provisions.

Section 1366 of Title XIII also would require states to establish procedures for coordinating USDA's water quality programs with relevant state agencies. CBO has not yet estimated the impact on states of establishing these procedures.

Nutrition.—States would benefit from the reduction in food stamp fiscal sanctions under Section 1751. State savings would be the inverse of federal costs; that is, states would save $1 million in 1991 and $120 million over five years. Section 1752, the provision on automated data processing (ADP) systems, could increase ADP development costs for a few states in 1992–1994 (estimated state costs of less than $10 million over three years), but would reduce

the state match on ADP operating costs in 1994 and 1995 (state savings of $55 million over two years).

State and private forestry.—Title XV would provide grants for states totaling approximately $100 million annually beginning in 1991 for various forestry protection activities.

Conservation.—Section 1606 of Title XVI would require all states to create technical committees to advise USDA on agricultural conservation activities. CBO has not yet estimated the impact on state governments of creating these committees.

7. Estimate comparison: None.

8. Previous CBO estimate: On June 21, 1990 CBO prepared a cost estimate for H.R. 3664, as ordered reported by the House Committee on Agriculture. H.R. 3664 includes the commodity promotion sections of title XIV—Marketing.

9. Estimate prepared by: Theresa Gullo, Dave Hull, Eileen Manfredi, and Andy Morton, Kent Christensen, and Julie Isaacs.

10. Estimate approved by: James L. Blum, Assistant Director for Budget Analysis.

TABLE 1.—ESTIMATE OF THE DIRECT SPENDING RESULTING FROM TITLES I–XII of H.R. 3950, RELATIVE TO CBO'S FEBRUARY 1990 BASELINE

[Budget authority and outlays, in millions of dollars, by fiscal year]

	1991	1992	1993	1994	1995
Sec. 101 Increase the size of acreage reduction programs for upland cotton	−30	−87	−31	−30	1
Sec. 101 Issue marketing certificates to domestic users or exporters if U.S. cotton prices are found to be uncompetitive	0	5	5	5	5
Sec. 231 Mandate disaster payments to 1990 crop sugarcane producers	15	0	0	0	0
Sec. 301 Guarantee the announced deficiency payment rate for 50/92 rice program participants	3	10	10	10	10
Sec. 402 Set a minimum milk price support at the 1990 level	52	211	369	429	450
Sec. 503 Impose a payment limit on wool producers	−1	−1	−1	−1	−1
Sec. 603 Raise the honey program loan rate	4	9	14	18	24
Sec. 701 Mandate a marketing loan program for oilseeds	0	72	−6	−3	−13
Sec. 901 and 1001 Raise wheat and feed grain loan rates	39	304	−64	−181	−43
Sec. 901 and 1001 Reduce wheat and feed grain deficiency payment rates by using the six-month average price received by farmers	−33	−80	−78	−78	−76
Sec. 1001 Allow planting and harvesting of oats on acres idled under acreage reduction programs	1	4	7	9	10
Sec. 1001 Increase barley deficiency payments by basing them on feed barley prices	0	91	47	38	33
Sec. 1101 Eliminate payment limit for transfer of multiyear farm program contracts	5	5	5	5	5
Sec. 1106 Mandate cost-sharing for some multiyear set-asides	0	40	40	20	0
Sec. 1116 Raise farmer-owned grain reserve storage payment rates	17	35	35	35	35
Sec. 1121 Change calculation of crop acreage bases for rice and cotton	1	3	3	3	3
Sec. 1211 Contract for independent study to improve management of export promotion programs	(1)	(1)	(1)	(1)	(1)
Sec. 1221 Provide export credit for emerging democracies	−2	5	16	22	25
Sec. 1221 Mandate an assessment of the condition of emerging democracies	1	2	2	2	2
Total direct spending—Titles I–XII	73	628	373	302	470

[1] Less than $500,000.

TABLE 2.—ESTIMATE OF THE DISTRICT SPENDING RESULTING FROM TITLE XVII OF H.R. 3950, RELATIVE TO CBO'S FEBRUARY 1990 BASELINE

[Budget authority and outlays, in millions of dollars, by fiscal year]

	1991	1992	1993	1994	1995
Sec. 1701 Eliminate cap on excess shelter deduction	165	195	325	495	515
Sec. 1702 Increase maximum allotment	3	68	138	213	438
Sec. 1703 Amend proration of benefits	4	15	15	20	20
Sec. 1711 Disregard $50 child support payment	35	165	180	190	195
Sec. 1712 Raise vehicle assets limitation	0	10	50	85	115
Sec. 1715(d) Raise cap on reimbursements	3	10	10	15	15
Sec. 1721 Expand household definition	25	55	65	70	70
Sec. 1728 Raise cap on dependent care expenses	1	3	3	4	4
Sec. 1745 Raise asset limits for disabled	1	5	5	5	5
Sec. 1751 Waive fiscal sanctions	1	17	30	35	37
Sec. 1752 Increase funding for automated data processing systems	0	5	10	35	30
Other Food Stamp Changes	24	42	42	41	40
Subtotal—Food Stamps	262	590	873	1,208	1,484
Sec. 1782 Reauthorize Nutrition Assistance for Puerto Rico (NAP)	11	15	20	25	30
Sec. 1783 Require purchase of Emergency Food Assistance Program commodities	175	190	0	0	0
Sec. 1784 Require purchase of soup kitchen commodities	0	32	32	32	32
Total Direct Spending—Title XVII	448	827	925	1,265	1,546

Note: The year-to-year increases in spending associated with sections 1701, 1702, 1711, 1712, 1715(d), 1728 and 1745 would be subject to sequestration under the Balanced Budget Act. The remainder of food stamp spending is exempt.

TABLE 3.—ESTIMATE OF THE AUTHORIZATIONS IN H.R. 3950

[By fiscal year, in millions of dollars]

	1991	1992	1993	1994	1995
Titles I–XI—Commodity programs:					
Estimated authorization level	10	34	83	81	85
Estimated outlays	8	34	83	81	85
Title XII—Trade:					
Estimated authorization level	1,665	1,726	1,698	1,752	1,808
Estimated outlays	1,522	1,633	1,688	1,742	1,798
Title XIII—Research:					
Estimated authorization level	2,530	2,531	2,525	2,531	2,537
Estimated outlays	1,557	2,309	2,528	2,530	2,535
Title XIV—Marketing:					
Estimated authorization level	([1])	−3	−2	−2	−2
Estimated outlays	([1])	−3	−2	−2	−2
Title XV—State and private forestry:					
Estimated authorization level	264	239	239	239	239
Estimated outlays	165	229	239	239	239
Title XVI—Conservation: [2]					
Estimated authorization level	188	278	408	642	652
Estimated outlays	107	322	424	643	653
Title XVII—Nutrition:					
Estimated authorization level	204	231	474	497	522
Estimated outlays	165	231	473	497	521
Total estimated authorization level	4,861	5,036	5,425	5,740	5,841
Estimated outlays	3,515	4,755	5,433	5,730	5,829

[1] Less than $500,000.

[2] If appropriations are provided for the authorized programs, they also would affect spending for CCC price support programs. Additional CCC outlays of $37 million in 1991 and $700 million for 1991–95 are estimated to result from the Food Security Wheat Reserve provision of Section 1109, the Conservation Reserve Program, and the Integrated Farm Management Program.

INFLATIONARY IMPACT STATEMENT

Pursuant to clause 2(l)(4) of Rule XI of the Rules of the House of Representatives, the Committee estimates that enactment of H.R. 3950, as amended, will have no inflationary impact on the national economy.

OVERSIGHT STATEMENT

No summary of oversight findings and recommendations made by the Committee on Government Operations under clause 2(b)(2) of rule X of the Rules of the House of Representatives was available to the Committee with reference to the subject matter specifically addressed by H.R. 3950, as amended.

No specific oversight activities other than the hearings detailed in this report were conducted by the Committee within the definition of clause 2(b)(1) of rule X of the Rules of the House of Representatives.

ADDITIONAL VIEWS OF HON. CHARLES W. STENHOLM

The House Agriculture Committee worked responsibly and diligently in drafting the "Food and Agriculture Resources Act of 1990," and spent a great deal of time and effort deliberating the notion of farm program flexibility. The issue commanded the Committee's attention as a result of farmers becoming locked into rigid planting patterns in order to remain eligible for government program benefits. Moreover, these rules of the current farm program constrain planting decisions, restrict opportunities for profit and effectively limit producers' freedom to use beneficial environmental enhancing practices.

If we want farm policies to maximize the efficiency of production agriculture, we must recognize the need for flexibility to encourage producers to adapt to changing market conditions and allow farm resources to be utilized more effectively.

The issue of federal spending for farm programs played a substantial role in the development of H.R. 3950. Consequently, Federal budget cost considerations have greatly influenced the final form of this legislation. With this in mind, I would have preferred the so-called "triple base" option as a means to achieve desired budgetary objectives. Let me explain.

Under current law, producers receive deficiency payments on the full amount of their permitted acreage if they plant it to a program crop. Under the "triple base" option, they would receive payments on a smaller payment base (i.e. 80 percent of permitted base). On the portion of permitted acres not receiving deficiency payments (flexible acres), producers could plant any crop they chose without affecting their entitlement to future program benefits. The triple base option would thus increase planting flexibility. The cost to producers of this increased flexibility would be the loss of program benefits paid on the flexible acres, no matter what they planted. This would separate planting decisions from government payments on these newly flexible acres.

Also, with the federal savings generated from the elimination of deficiency payments paid on the flexible acres, an off-setting increase in target price protection on the remaining payment acres would serve as a means for maintaining farm income. In other words, it is my belief that a producer who is currently receiving a $4.00 per bushel target price for wheat on 100 percent of his/her permitted acres, might prefer a $4.20 per bushel target price on 80 percent of those acres—thus being free to plant anything they wish (with no government protection) on the remaining 20 acres.

The "triple base" option would also generate environmental benefits by allowing the flexibility to rotate crops and modify cropping patterns and practices. More specifically, this approach would allow produces to plant crops that are less dependent on agricultur-

al inputs as well as crops that are more wind and soil erosion preventive.

Finally, the "triple base" option would provide another step toward complying with an international agreement—to reduce the market-distorting effects of government payments—that might emerge from the current General Agreement of Tariffs and Trade talks in Geneva.

In the current political and economical climate, producers might prefer this way of reducing program costs, if federal spending is continually reduced, because it would increase their flexibility to purse marketable opportunities in other crops and help reduce economic inefficiencies generated by some current programs. Other less attractive options would include reducing target prices or raising the loan rate. These and similar options are short-term methods of micro-managing our agricultural industry and will not move agriculture in the market-oriented direction which the 1985 Food Security Act set in motion.

CHARLES W. STENHOLM.

ADDITIONAL VIEWS RELATED TO SECTION 1202, H.R. 3950 OFFERED BY REPRESENTATIVE EMERSON

The Committee report to accompany H.R. 3950 has failed to acknowledge significant efforts by the Fish and Wildlife Service that act to the detriment of American agricultural production. Through Committee discussions, the possibility of private land acquisition or seizure by the federal government was brought to the Committee's attention; however, action to remedy these detrimental effects was not taken.

The Committee should have asserted that environmental impact or wetland mitigation studies by the Fish and Wildlife Service should not infringe upon future transactions involving the USDA's Farmers Home Administration (inventory property not returned to prior owner excepted), Farm Credit Administration and the various farm credit components under their jurisdiction. The intent of any federal agency to exercise and extend such control over productive farmland sales and transfers will stand counter to the efforts of production agriculture and must be against the wishes of this Committee.

The Committee report should have also affirmed that both governmental and private organizations involved in agricultural credit transactions coming under the jurisdiction of the Federal Deposit Insurance Corporation and the Federal Crop Insurance Corporation should not be subject to environmental impact or wetland mitigation studies. The Committee report also does not specify that any federal initiative parallel to the Farmers Home Administration easement program to screen properties and recommend and manage various conservation easements shall not apply to Regulatory Trust Corporation, federal savings and loan, or private financial institutions' real estate transactions pursuant to liquidation proceedings.

The Committee report should have also stipulated that any such actions by a federal agency may not take place without proper Congressional authority and oversight. Appropriate and lawful Congressional action must take place prior to the implementation of any federal land seizing or acquisition efforts.

BILL EMERSON.

DISSENTING VIEWS ON SECTION 403—CALIFORNIA MAKE ALLOWANCE

The Subcommittee on Livestock, Dairy, and Poultry, as well as the Committee on Agriculture, have both emphasized the importance of establishing, maintaining, and supporting a national dairy policy and program. We have insisted that the dairy industry ignore regional preferences and put forth a consolidated national dairy proposal. Yet, lost in our rhetoric, we have permitted Section 403 of the dairy title to be stripped of any meaning and, as a result, have endorsed a continuation of a regional basis—federal subsidization of dairy product manufacturing by California processing plants. This federal subsidy and resulting regional bias prevents the Congress from establishing a national dairy program.

In 1985, the Congress began moving toward a national dairy program built on market orientation. The 1985 farm bill provisions gave the dairy industry and farmers a clear signal to produce for the market rather than the government. However, a clear federal subsidy to California processors has resulted in processors responding not to market signals, but rather to the insular policies of California.

NATIONAL DAIRY POLICY COMMISSION

The Food Security Act of 1985 established a National Dairy Policy Commission to study and make recommendations on U.S. dairy policy. All regions of the country, including California, were represented on the Commission. The Commission's final report was the culmination of 18 months of effort during which time they heard from over 250 milk producers, dairy leaders, and agricultural analysts in 10 regional hearings across the country. The report includes over 40 specific recommendations, with all 18 Commissioners endorsing the final product.

Included in the Commission's final report was a recommendation to lower California's make allowance. The report stated that the high make allowance has encouraged construction of excessive manufacturing capacity and increased federal purchases of dairy products from California plants has been the result.

Specifically, the National Commission on Dairy Policy report states:

> U.S. milk producers should be treated equally under federal laws that compel a government agency to purchase dairy products under the price support program.
>
> Federal law should prohibit California or any other state from using a greater allowance to establish a grade A price of milk for manufacturing butter, nonfat dry milk and cheese.

Any State or Federal program adversely affecting the working of Federal dairy policy should be eliminated. All State and Federal programs should work in concert to achieve goals established for Federal dairy policy. Similarly, no subsidized construction of milk processing capacity should take place nor should continued operation of milk processing capacity be enhanced. The California manufacturing allowance should be reduced to the uniform allowance established by the U.S. Department of Agriculture.

In sum, federal dairy policy has been studied thoroughly. Yet Section 403 in the dairy title calls for yet another study on the issue. We should not continue requesting studies until we hear the answers we want to hear. The fact is, the Commission studied the California make allowance over 18 months and issued their recommendations. Now is the time to act on those recommendations.

FEDERAL PRICE SUPPORT SYSTEM

The federal dairy price support program puts a floor under the price of manufacturing grade milk through the purchase of dairy products (butter, nonfat dry milk and cheese) by the Commodity Credit Corporation (CCC) at announced prices. The announced prices are calculated using two principle components: (1) the support price for milk; and (2) the manufacturing allowance. The manufacturing or "make" allowance is intended to reflect and cover the costs associated with producing and selling dairy products to the CCC. For example, if the support price is $10.10 per hundredweight, the producer would, on average, receive at least $10.10 from the processor. In addition, the CCC pays the processor $1.37 to cover the costs of converting that 100 pounds of milk into cheese.

CALIFORNIA'S SYSTEM

California has operated its own state dairy marketing order program for over 50 years and has chosen to use a manufacturing allowance higher than USDA's since 1982. The higher make allowance, according to State officials, was meant to facilitate greater self-sufficiency in processed dairy products. The rationale was that the State could not afford to have inadequate manufacturing capacity, thereby requiring surplus milk to move large distances east for manufacturing or to be dumped. However, the higher make allowance results in a pay price to California producers less than the support price.

USDA uses a make allowance of $1.22 per hundredweight of milk manufactured into butter and nonfat dry milk and $1.37 per hundredweight of milk manufactured into cheese, while California is currently set at $2.06 for both manufacturing processes. When CCC purchases dairy products from California processors, the processors receive the USDA make allowance of $1.37 or $1.22. However, because California allows processors to receive $2.06, the remaining $.84 or $.69 is ultimately taken out of the producer's pay check. Consequently, the producer may not receive the support price. Provisions in current law require USDA to ensure that all milk producers receive, on the average, the support price. Unfortunately,

up to this point, USDA has been reluctant to address California's pricing practices.

Like the federal order system, the California marketing order system utilizes class pricing. However, in contrast to the federal order system where milk used in the lowest class (Class III) is priced the same as milk that was competitively determined (M-W price) and is undergirded by the support price, California's lowest classes of milk (Class 4a and 4b) are priced according to a formula.

Prices in California are set for both the fat and solids-not-fat components of milk in every class. The Class 4 formula consider, among other factors, the federal support price and the market prices for dairy products. The California make allowance is subtracted to arrive at the final producer pay price for both the solids-not-fat and fat components for Class 4a and Class 4b. As a result, if the make allowance is raised, the class 4 prices will drop, and vice versa.

This method of price determination enables California processors to purchase milk used to manufacture butter, nonfat dry milk, and cheese at a lower price than processors located elsewhere. The end result is California producers get a lower pay price than other producers, while California processors secure a larger manufacturing allowance than processors in the country.

For example, in FY 1988, California producers received an average of only $9.92 for milk used in Class 4. In contrast, the support price for the same period averaged $10.45—a difference of $.53. Further, in FY 1988, California sold about 76 million pounds of butter, 48 million pounds of cheese and 124 million pounds of nonfat dry milk to the Commodity Credit Corporation. Using average yield factors, during FY 1988, the federal government handed a subsidy of about $16 million to California processors—money that should have gone into the producer's pay price.

CALIFORNIA MANUFACTURING COSTS

In an effort to facilitate greater self-sufficiency in processed dairy products, the State encouraged adequate manufacturing capacity by raising the make allowance in 1982. During hearings on H.R. 3950, Californians testified that the higher make allowance was justified because their plant costs were higher than elsewhere in the nation. However, it is not clear that processing costs are higher in California than elsewhere. For example, a 1989 Cornell University study examined processing costs for a sample of butter/powder plants located throughout the nation. According to this study, plants located in the Northeast had the highest costs, principally due to seasonal operation and low capacity. While California had higher processing costs than the Midwest, it is questionable whether the higher make allowance is justified.

CONSEQUENCES OF LOWERING THE CALIFORNIA MAKE ALLOWANCE

Lowering the make allowance will result in higher pay prices for California producers—the ultimate goal of the price support program. However, it is not clear how the producers will react to the higher pay prices. Some observers speculate that, given an incentive to increase production, California milk producers will increase

production. Others state that the ultimate limit to milk production is in-State processing capacity.

In reality, the consequences are important in that we are committed to a national, market driven dairy program. Certain features, such as favorable climate and abundant feed, may lead to increased production in one area. We encourage milk production to occur where the free market dictates. Neither the federal price support program nor state dairy policies should give false production signals and create a production incentive. Furthermore, if additional processing can be constructed in California while processors receive the USDA make allowance, then efficiencies are clearly present to justify that construction.

CONCLUSION

The Committee worked long and hard to develop a dairy policy that is futuristic, market driven, and more importantly, national in scope treating all producers equally under Federal laws that compel the Secretary to purchase dairy products under the price support program. The Committee failed, especially with respect to the last point, by rejecting the language of the Stenholm/Gunderson substitute reported by the Subcommittee, and adopting what you find before you—another study, hearings on the findings of the study, and the ability for a State to appeal a USDA decision it feels unjust. This is poor national dairy policy, unexplainable for those Members of the Committee who represent areas other than California. Permitting the California make allowance to exist is an acceptance of regional barriers existing in national dairy policy.

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